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WEST EUROPE REPORT

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GEOSTRATEGIC CONCEPTS IN IBERIAN DEFENSE POLICY, RELATIONS

Lisbon NACAO E DEFESA in Portuguese Jul-Sep 80 pp 45-56

[Article by Jose de Medeiros Ferreira: "Iberian Strategic Defense Space," originally published as Madrid Institute for International Affairs International Seminar Paper No 3: "Spanish Security Options"]

[Excerpts] 1. Geography and History of the Peninsula in International Relations

In a study of Iberian strategic space, one must inevitably take into account various factors which shape, alter and modernize it.

These factors include geography certainly, but also the political history of its two states, Spain and Portugal, and above all the history and consequences of the alliance policy pursued in the realm of international relations.

Geographically, there is the unity of the peninsula, that is the lack of a natural explanation for the existence of the differences visible within it, seems peaceful today. It is not necessary to place the Pyrenees between Portugal and Spain, as Teofilo Braga did, as a guarantee that the will of the men and history would intertwine throughout the centuries, organizing the Atlantic platform most exposed to the ocean in specific fashion and channeling to it, from the Portuguese side, all of the economic, social and political activities. The two Iberian states have different modes of organizing peninsular space.

The organization of space, as Vidal de la Blache was to say, is the way men have of imposing what seem to be forms of geographic determinism. And the Portuguese and the Spaniards organized the Iberian space in which they coexisted differently.

Only after the recent establishment of democratic regimes in Portugal and Spain were the conditions for the emergence of a new and rare fact in the history of the two nations created: the existence of identical extrapeninsular alliances. In fact, with the entry of Portugal and Spain into the EEC completed, and if Spain becomes a part of NATO, as it already has become a part of the Western defense system, we will have achieved the singular coincidence of positions between the two countries in this century with regard to international relations.

The attitude of Portugal in international relations was always more active, above all beginning with the exclusion of Spain from European issues subsequent to the Napoleonic invasion and the Congress of Vienna. Throughout the 19th century,

Spain turned in upon itself with a simplified foreign policy, unlike Portugal, which was to participate in the major European and African issues with a foreign policy of a complex nature, which illustrates its then-singular position among the sea powers and the various "disturbing continental forces."

It can be concluded from this brief historical review that the two Iberian states have rarely had the same attitude toward the conflict between the sea powers and the land powers.

Thus the possible strategic unity of the peninsula did not operate as such in the two great world wars, and even after World War II Spain and Portugal were to approach the organization of alliances outside the peninsula differently. For example Portugal was a founding member of NATO and Spain has remained outside it to our day, although beginning in 1953, thanks to the U.S. base policy, it signed a bilateral agreement with that country, which served as a means for Spanish participation in Western defense. Spain was thus the first European nation to undertake a differentiated method of participating in Western defense policy. Nor is it without interest to mention that the Spanish government stated in an official memorandum that Portugal could not subscribe to the Atlantic Pact because this would go against the Peninsular Pact.

Even in Portugal the search for strategic solutions to the Soviet threat which was meanwhile increasing led to curious polemics about the function of the Iberian peninsula in the Western defense system. Two main theses were debated: advance defense in Europe and Iberian defense.

It is possible to distinguish two main models conceived in the post-war period for Portugal's entry into the Western military system: that of Gen Santos Costa and that of Gen Raul Esteves. What is of interest for the purposes of our work is what was derived from the reasons given for both, because both had recourse to a description of the strategic functions of the Iberian peninsula in order to justify their theses, although different conclusions were drawn.

The Santos Costa "model" was characterized by an Iberian defense doctrine, clearly expressed in the preface to the book "Portuguese Theater of Operations," dated 1950, by Andrade e Silva. Working from the premise that:

"No natural accident can constitute an obstacle to the regular development of East-West military operations through the whole of the peninsula," the then-Portuguese army minister concluded that "... the real strength of the Iberian bastion lies more nearly in the reality of its contours--and this is beyond challenge--than the obstacles in the interior, which would channel more than they would hinder the movements of anyone landing at the ports and beaches on the Western coast and heading for the heart of Europe or, starting from the distant interior of the old continent, seeking to do battle for the warmth of the sun."

The concept of the Iberian bastion, apart from its inherent value, serves at the same time to keep the Peninsular Pact established between two nations which were neither conquerors nor conquered in World War II in effect, and since Spain was not a member of NATO, it was a way of keeping Portugal out of the Atlantic alliance militarily through the assertion of a peninsular strategic unity,

conceivable only in terms of retreating defense if it became a question of an advance "from the distant interior of the old continent," a euphemistic way of referring to the Soviet Union.

Now it was precisely the concept of retreating defense against a continental invader that Gen Raul Esteves opposed in his book "The Defense of Western Europe," published in 1952. The Pyrenees line was not regarded by the general as a more forceful or less vulnerable position than any of the other lines of European defense then being discussed. It is only in terms of U.S. security that the Pyrenees line can be viewed as a front for the containment of Soviet influence, since this line could be of no interest either to Europe or to Portugal.

The concept of the Iberian bastion or castle is vigorously opposed by Raul Esteves, on the basis of the different strategic functions of the Iberian peninsula. In support of his view, the general points to World War II and says that the operations carried out in the north of France and the south of Italy by the Allies can be seen as a maneuver of bypassing the Pyrenees, with the consequent strategic devaluation of the Iberian peninsula.

The historic examples mentioned previously enable us to embark more rigorously and with a better understanding on a study of the present strategic situation of the peninsula.

2. The Present Strategic Situation of the Iberian Peninsula

Let us reiterate that only since the recent establishment of democratic regimes in Portugal and Spain have the conditions for the predominance of a new and rare fact in the history of the two states been created: the possibility of identical extrapeninsular alliances. This potential for identical extrapeninsular alliances raises, for the first time, the question of the unity of the strategic functions of the peninsula, to date nonexistent due to the complex interplay of international relations and, in particular, the difference in attitudes between the two Iberian nations toward the successive "disturbing continental forces" and the sea powers.

This possibility raised some questions about the position of the Iberian peninsula with regard to Europe, with regard to the Americas, and with regard to Africa.

With regard to Europe, is the Iberian peninsula a self-contained whole, or merely a part of a larger peninsula of Asia, to wit, the European continent itself? In fact, we are not faced with a question of size but rather an essential strategic problem, i.e. the question of the defense lines for the rimland against a disturbing continental force or forces.

Thus Europe is seen as a peninsula of which successive other peninsulas and islands toward the Mediterranean and the Atlantic are a part, and thus Europe seen from Europe can only be conceived in terms of advance defense, making of the Pyrenees a prominence occupied on both sides by political entities interested in restraining the hegemony of a continental power for as long as possible. And as a peninsula, it is absolutely necessary for it to dominate the sea. From this point of view Iberia represents a fundamental strategic position because of the seas which surround it and the equipment of its ports and airports.

The Iberian peninsula is not a priority space, which would within this context be the theater of a military offensive effort, but is rather destined for missions of support to the various fronts, be they military or logistic missions. The development of military technology itself, and above all that of weaponry, has only accentuated this role of either advancing weapons in the European theater of operation or forcing their retreat toward the American coast.

In a brief summary of the functions which can now be attributed to the two Iberian nations within a policy of Euro-Atlantic defense, the following might be noted:

For Spain, the establishment of a zone of common interest with the United States, resulting from the treaty of friendship signed in 1976, and supervised by a combined Spanish-American general staff. This zone of common interest can be delimited on the west by the 23rd meridian, near the Azores, on the north by the 48th parallel, at the latitude of French Brittany, on the south by the Tropic of Cancer, and on the east, in the Mediterranean, by a meridian passing through the western limit of the territorial waters of Corsica and Sardinia. In this vast area, bases for the control and protection of sea communications routes, bases of support for the European and Mediterranean theaters of operations, and above all aeronaval bases located in the western Mediterranean could be established. On the other hand, Spanish space allows a more profitable use of bombers, in combination with KC-135 tanker planes. Given its continental depth, although it is divided by too many prominences, Spanish territory could still provide adequate space for the deployment of military resources to be assigned to Spain.

For the first time, it can be seen that a power outside the peninsula, the United States in this case, sees the value of the Mediterranean dimension of the Spanish coastline and islands, either in terms of their inherent value, or for the political neutralization of many countries on the southern shore of the Mediterranean, as well as some islands in the Mediterranean, or again because of the needs resulting from the technology of aerial and maritime weaponry and the presence of the VI Fleet in the Mediterranean. This assessment of the Mediterranean position of Spain was further accentuated by the lack of necessary participation by France in NATO.

This assessment of the western Mediterranean dimensions of Spain by a power outside the peninsula was therefore one of the reasons for Spanish integration in a bilateral military system, when the entire political tradition of the Spanish state has been one of isolation in this area. The installation of the main aeronaval bases confirms what has been said above and the rifle brigade of the Spanish armed forces also continues to provide an illustration of the policy of evidencing its own presence and Spanish influence which Spain wants to adopt in this area of the western Mediterranean. And on both sides of the sea, since there are on the southern shore the important points of Ceuta and Melilla. A careful study of the composition of the Spanish armed forces and the changes which are being planned points further to the clear tendency to Iberianize the military operations resulting from the appreciation of the strategic position of the Mediterranean and access to it.

Already, in the Lisbon-Azores-Madeira strategic Portuguese triangle, the main strategic functions are linked with the concept of advanced defense and rapid reinforcement of the European theater of operations, bearing in mind the privileged position of the Atlantic triangle, whether considered in geographic terms or in meteorological terms (the Lages base in the Azores operates under excellent weather conditions throughout the year, and this air space is not saturated), and also in terms of the equipment of the Portuguese ports and bases. With a greater effort to acquire air and naval resources, the para-archipelagic situation of the Portuguese nation makes it possible for its missions to share in the Atlantic dimensions which give Portugal its essence.

These missions may coincide with those entrusted to the COMIBERLANT [Commander Iberian-Atlantic Area], with headquarters in Lisbon: defense against mines; aerial patrolling of the seas; antisubmarine warfare.

These are the missions resulting from the fact that Portugal is geographically the great peninsular front on the Atlantic, with its large ports and some good airports and air bases scattered within the triangle mentioned above, allowing an adequate deployment of means.

It is a fact that some of the strategic functions suited to Portuguese territory require the collaboration and understanding of the Spanish authorities, as the difficulties placed in the way of the Luftwaffe flights between Germany and the Beja base illustrate. And, in connection with the laying of oil pipelines to link the Portuguese oil refineries with continental Europe, we are once again faced with the need for political understanding between Portugal and Spain to this end.

Thus there are forms of geographic determinism which require the collaboration of the two Iberian nations for the rational execution of certain missions, above all those pertaining to the linking of the peninsula with the European continent.

This unification of Iberian states would be accentuated still further if the strategic concepts of advance defense were abandoned and Soviet hegemony were to extend to central and western Europe.

From all that has been said above it can be deduced that both the Iberian peninsula as a whole and the British Isles can be made alternative defensive redoubts in the event that a land power should extend its influence over the greater part of the European continent. The maximal value of the peninsula in strategic terms would occur, then, if the other nations on the European continent were excluded from the influence of the sea powers, and only the alternative of the British Isles remained on this side of the Atlantic.

What has been said above will always be a prospect displeasing to other European countries, such that in terms of this "Asian peninsula," the strategic functions of the Iberian peninsula will be fewer and more diversified, and the Western effort to maintain the European status quo, also a product of the Helsinki Final Act, will be greater; the greater and more homogeneous the missions assigned to the two Iberian nations are, the more threatened the possibility of advance continental defense, which gives substance to the current Euro-Atlantic policy, will be.

Therefore the multilateral effort of Portugal in the defense of the Euro-Atlantic world through NATO, and the articulation of Spain in Western defense through a bilateral agreement with the United States, which is, as is known, the current situation, is less of a paradox than it seems.

Moreover, a descriptive analysis of the evolution of NATO itself will show the existence of various real types of member-country status, from the singular situation of France and Greece to the positions of the FRG or Italy. And from time to time there emerges here and there, in responsible bodies, the theory of graduate membership, as if to indicate a different way of coordinating the essential nucleus of NATO with a broader concept of Western defense.

There has been a tendency toward emphasis in Portugal in recent times on two theses with regard to the method of Portugal's strategic participation in the Western defense effort, with some expressing the view that Portugal is what can be described as a para-archipelagic state, located on the Atlantic front of the peninsula and extending to the Azores and Madeira, thanks to various factors ranging from the paucity of economic and social activities toward the Spanish frontier to the creation of the Portuguese exclusive economic zone, from the lack of easy land communications with the rest of the peninsula to the fact that Portuguese foreign trade is effected in a very high percentage by sea (more than 95 percent of the imports and more than 84 percent of the exports). It is a question then of expanding the coastal concept and of giving priority to all the efforts to provide aeronaval equipment, which in fact the Portuguese armed forces lack.

From this point of view, the very existence of a mixed Portuguese brigade assigned to NATO to be transported by air to strengthen the southern flank of the alliance, but outside the Iberian peninsula, gives some idea both of the involvement of the army in NATO missions and the fact that it is not assigned to some Iberian land missions.

The only Portuguese theater of operations would thus be the eastern Atlantic, in a vast zone covering the continent-Azores-Madeira triangle, by means of aeronaval and electronic operations. It is, moreover, a theater of operations saturated with sea and air communications, with about 400 ships a day bound for or coming from northern European ports passing along the Portuguese coast, and one in which the Portuguese maritime territory emerges as a solution to continuity for the Spanish maritime frontier itself, in view of the superposition of the NATO commands (COMIBERLANT and WESTLAND for the Azores), and the lack of organic coordination with the Spanish-American command overseeing the zone of common interest already referred to and described here. This "Atlantic sensitivity" of Portugal could be compared to the "Mediterranean sensitivity" of Spain. These Atlantic and Mediterranean sensitivities supplement each other because a peninsula only has freedom of political action if it dominates the seas which surround it. The maritime frontier of a peninsula is by definition the most difficult to supervise.

Other Portuguese strategists favor a system linking the land forces of the two peninsular nations in order not to emphasize the strategic division of the Iberian peninsula, since the two armies are both inactive at this time where Iberian missions are concerned, whether resulting from multilateral or bilateral agreements.

There is in fact today a strategic division of the Iberian states, both from the continental and insular points of view.

This strategic division of Iberian space is entirely understandable in insular terms, not only in the case of the island of Madeira (today the most southern insular position in the Atlantic alliance) and the Canary Islands can there be an overlapping of functions, since the positions of the Azores in the Atlantic and the Balearic Islands in the Mediterranean are so different.

The Peninsula With Regard to North America

It must be through an analysis of the political and technological development of weaponry that we approach the relations between the Iberian peninsula and the American continent, the United States in particular.

We have already seen from the strategic functions assigned to the Portuguese islands during World Wars I and II that a real strategic frontier between the sea power and the land power can be drawn between the islands and Lisbon if the land power does not advance too far on the European continent and in the direction of Lisbon. This is one of the reasons for the need, in terms of Portuguese national unity, for the Atlantic concept of advance defense for Europe. Moreover, the two states on the Iberian peninsula would be those which would encounter greatest difficulty in guaranteeing their respective national unity in the event of a break in Euro-Atlantic solidarity.

With this concept of advance defense guaranteed, there is no doubt that the maritime exposures which can most easily link the American continent with Europe are the British Isles, the Portuguese Atlantic islands and the Iberian peninsula. The southern exposure of the Iberian peninsula is also a key point for the links between the Mediterranean and the Atlantic, the more so since the characteristics of the Straits of Gibraltar--where great depths predominate--require the establishment of sonar stations installed on land to detect submerged submarines.

But the Iberian peninsula no longer appears as important in terms of a theater of military operations within a scheme of Euro-Atlantic solidarity, whether it is a question of maintaining the present Western defense system or if the United States should become more isolationist with regard to world problems, those of Europe in particular. The position of the peninsula is relatively secondary in both cases, although its islands might play a more important role in the latter case. The Iberian peninsula is important as a whole as a beachhead on this side of the North Atlantic, guaranteeing, in relation to the American continent, that the North Atlantic is a "domestic sea" providing easy and safe access to the Mediterranean and providing security for the economic activities which link the two sides of the ocean.

The way of guaranteeing this safety in military terms has varied not only with political vicissitudes but also with the development of weaponry as such.

Let us then examine the implications of military technological development for the Iberian peninsula.

The American air doctrine began to develop in the second half of the 1960s in the direction of replacing the policy of bases previously in effect since the end of World War II. An effort was made to replace medium-range bombers with strategic bombers and to make use of the perfecting of intercontinental missile systems which were placed in positions more advantageous than those which the Iberian peninsula could offer. The very development of American naval power had the effect of subordinating Spanish naval bases, in particular with the development of the Trident atomic submarine which replaced the submarines equipped with Polaris missiles.

Thus the development of the new Trident class SSBN made it possible to carry out missions previously assigned to the Polaris missiles from naval bases located on the American continent itself, thus at first glance eliminating a large part of the reason for the existence of American nuclear bases on the Spanish coast.

Thus the combination of the development of new American arms, such as the B-52 long-range bombers refueled in flight by KC-135 tanker planes, and the Trident class atomic submarines, caused the strategic functions of the Spanish aeronaval bases to evolve. For example, at the Moron (Seville), Torrejon (Madrid) and Zaragoza air bases, there are now only tactical forces equipped with F-111 and F-4 aircraft, as well as the KC-135 tanker planes.

These are some of the examples of the changes in the strategic importance of a geographic situation, which make necessary a consideration of the transitory nature of the major geostrategic postulates in the era of the ballistic missile.

In conclusion, the development in the world political situation due to the combined effects of the Helsinki Conference and the establishment of the SALT agreements had led to a clarification between the United States and the Soviet Union in Euro-Atlantic terms, which everyone seems to want to maintain above the vicissitudes of extra-European events or the MBFR talks themselves. On the other hand, the modernization of Western weaponry together with a reduced concern about the theater of operations in Central Europe (above all since the decisions pertaining to the Pershing II) may give priority to the strengthening of the southern flank of the Atlantic Alliance, and thus serve to increase the role of the Iberian peninsula in this same strengthening of the southern Mediterranean flank.

The Iberian peninsula also has value in and of itself, and in order not to be left at the mercy of strategic vacillations of extrapeninsular powers, it should seek an area for its own assertion, which leads to a consideration of the relations of the Iberian peninsula with Africa and Latin America, above all from the point of view of the membership of the two nations in the EEC.

I will not go into much detail on this subject, among other things because it was the subject of a seminar held last year by this same Institute for International Affairs.

The two countries, Portugal and Spain, have, thanks to their history, very close cultural and political links with certain countries in Africa and Latin America. If in this latter case the strategic interest is purely political, where Africa

is concerned, and North Africa in particular, there is in addition to this political value the geostrategic value created by their closeness and the zone of Mediterranean and Southeast Atlantic activities.

To summarize, we can say that Iberian space can be viewed in various ways, from the strategic point of view, consistent with the interrelations considered, consistent with the nature of the threats taking shape for the two nations and the extrapeninsular political alliances of Spain and Portugal as such.

April 1980.

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SP'S VAN MIERT FOR ARMS REDUCTION, AGAINST NUCLEAR WEAPONS

Brussels KNACK in Dutch 24 Dec 80 pp 30-31

[Report on speech by SP President Karel van Miert at the Catholic University in Louvain in December 1980, by J.S.: "Karel van Miert: Peace on Earth, Without Missiles"]

[Text] One evening in December, Karel van Miert delivered a lecture on security in Europe before an attentive audience at Maria-Theresia College, at the Catholic University in Louvain, on the invitation of the European Association. If there is a theme which has gotten under the skin of the Flemish socialists, it is the question of missiles. Are we the weak brother in NATO, through the fault of Karel van Miert?

According to SP [Socialist Party-Flemish] President Karel van Miert, there is nothing which can be understood without a historical perspective. The world has thoroughly changed in 20 years, but today's polemics have old roots. At the time, the point of departure of the North Atlantic Treaty Organization was that the defense of the West is a matter of common concern. If one of the allies were to be attacked, the most important among them would automatically take action. As long as the Americans were alone in the nuclear field, Europe felt safe under that guarantee. Only the Americans possessed nuclear weapons; they would strike back for us.

This changed when the Russians /also/ [in italics] acquired long distance nuclear missiles. Around the year 1960, people in the European capitals began to ask themselves worriedly whether the Americans would still really strike back for us now that their own territory had also become vulnerable. Perhaps French President Charles de Gaulle was the first to perceive the altered terms of the situation. Originally, he presented his American colleague Eisenhower with a proposal for a kind of leading triumvirate within NATO, of Americans, British and French. He also wanted to talk about the territory of the alliance. At that time, France still had vast colonies in Africa, and was trying to get something of a military guarantee from the United States for its policy on that continent.

But Washington never took it into consideration. It is noteworthy that the United States, which now has to request that the mandate and the area of NATO be expanded, at one time rejected this. De Gaulle then quickly turned to the doctrine of his own strike force, because of which he finally slammed the door shut in 1965. In 1962, the British integrated their nuclear arsenal into NATO, but the French /did not/ [in italics]. The question of the Theater Nuclear Forces, which has not yet

been resolved for Brussels, continues to flow from the change of American policy which took place at that time.

From the new situation, in which the Russians had quickly worked themselves up to a certain nuclear balance in the early sixties, the Americans drew the conclusions which are still valid. Instead of the /massive retaliation/ [in italics], which had been the point of departure in the past, they developed the theory of the flexible graduated response. Interest once again turned to the improvement of conventional weapons. Smaller, tactical nuclear arms were developed. Around that time, the Federal Republic of Germany was pushing to the surface politically and economically, and it insisted on a multilateral voice for the European allies.

Yalta

In fact, they wanted to have a /joint/ [in italics] finger on the trigger. In America, this led to the discussion between the proponents of greater autonomy for the Europeans, and the others who -- like President Kennedy and his Secretary of Defense MacNamara -- wanted to remain the only ones to have a finger on the button. The latter attitude produced the /antiproliferation/ [in italics] theory, which limits the possession of nuclear arms to the small club of the powers. However, the Atlantic partnership between Europe and the United States, which Kennedy advocated, was basically in contradiction to the unipolar military doctrine, in which all nuclear arms were directly and exclusively controlled by Washington. This ambiguity has yet to be lifted.

However, aside from their rivalry, the two superpowers also had common or similar interests. The /detente/ [in italics] partially evolved from this. One of these identical interests for the Americans and the Russians, for example, was the mutual respect for each other's defined areas of control and spheres of influence. They were once defined at Yalta, and that agreement had not yet been terminated. As Brezhnev was able to assure the Czech leaders in 1968 that they could never expect any military help from the West, similarly Yalta still prevents the West today from interfering if the Russians were to make a move in Poland.

Of course, the dilemma was sharpest for the Americans. After they had been indisputably the leading power for a long time, thanks to their nuclear lead, the Warsaw Pact managed to achieve a balance. The dilemma lay in whether the United States would once again strive for supremacy or whether it would be willing to settle the balance through treaties and agreements. It cannot be denied that they went some distance toward an understanding. SALT I, SALT II and the MBFR [Mutual and Balanced Force Reduction] were the results of this. However, this required an intellectual acceptance on the part of Washington that someone else could be /equally/ [in italics] big. Alas, it does not appear that the American establishment was able to do this on a permanent basis.

In the climate of detente, France and the FRG were also able to allow themselves a few favorable steps in Europe. If the big powers could manage to get along, then the smaller powers could try it in their turn. This produced Chancellor Willy Brandt's /Ostpolitik/ [in italics], which was grafted onto real economic interests. One of the reasons why the detente completely derailed anyhow during that fruitful vodka-coia era, was the gradual deterioration of the bipolar world situation. The advent of China as a nuclear power represented a fundamental shift. In a few short years, China moved from the communist bloc to become a de facto partner of the

United States. This irritated Moscow as much as South-East Asia, Angola, the Horn of Africa and recently also Afghanistan made Washington nervous. Next to the Chinese phenomenon, the North-South opposition and the struggle for raw materials formed the second basic factor to disturb the immature balance.

The whole question of our security today still depends on what the United States reaction would be if an accident occurred in Europe. In recent years, it has become clear that the Americans want to conduct a nuclear conflict in stages, wherein Europe would inevitably be the first. In the new nuclear strategy, we are the /theater/ [in italics], on both sides of the so-called Iron Curtain. For Karel van Miert, the question is not only that, on that stage, we are being reduced to nuclear hostages, but in fact much more basically reduced to permanent vassals of the United States. It seems such a long time ago when the Belgian and Polish ministers of foreign affairs, Spaak and Rapacki, set up a plan together to denuclearize precisely that European zone.

Are we all Americans, as Henri Simonet and others keep telling us? Definitely /not/ [in italics], said the SP president. The interests of Western Europe and of the United States are far from always being common; they can even be contradictory. For the American great power, which must weigh its interests everywhere in the framework of its world policy, Europe is only part of the world. Furthermore, Washington has no cause to send reproaches our way as the American self-interest also always prevails there over the alliance. For example, Europe is being asked to join the grain embargo, but this seems to be circumvented in the first place by the Americans themselves with a view to profit.

The most difficult still remains the answer to the question of whether then Europe itself should autonomously build its defense, bear the cost of it and organize it. Is /neutrality/ [in italics] an option? Karel van Miert does not believe that the building of a buffer zone between the Russians and the Americans would provide any guarantee or insurance at all for Europe. Belgium's own experience has shown twice that neutrality prevents little. As a matter of fact, the SP president does not see any real alternative to the alliance, but it should function more consistently. Based on European geography and European self-interest, a greater amount of European identity should be possible in decision making.

Escalation

However, what is essential is the awareness that security in Europe is not a matter of soldiers and weapons only, but primarily of politics. West Berlin cannot be defended by military means alone. Van Miert does not underestimate the value of a military balance, but without an understanding this would not automatically provide real security. Indeed, if tension were to rise and produce increased armament, security would decrease in inverse proportion. Actually, Europe has no alternative to detente; this thread must urgently be picked up again.

Negotiations must take place, but today an atmosphere has been created in which negotiations as such are already considered to be suspect, defeatist and neutralistic. Terms such as Danish illness, Finlandization, and /Belgicization/ [in italics] are being bandied about. That is wrong. Karel van Miert definitely does not underestimate the Russian threat, but it is a mistake meanwhile to present matters as if the West were lagging behind militarily. With regard to launch capabilities and weapons accuracy, the nuclear arsenal of the West still exceeds that of

the Russians. In our opinion, the overall balance deemed necessary as a platform for negotiation is more than adequately present. It is not true that that weight must still be increased in order to have effective negotiations.

Recently, former American Secretary of State Cyrus Vance admitted in a speech at Harvard, that the current atmosphere, in which even the desire for negotiations is taken exception to, makes him nervous. Today, on both sides of the boundary line, both superpowers already possess a multiple of the capability to destroy the /whole/ [in italics] planet. Tons of TNT equivalent have been stored for each individual. According to Karel van Miert, if anything can be assumed objectively, it is the fact that the threshold of excess armament has already been crossed. Anyone in the West who would reject negotiations now, would in fact, as the only alternative, be striving for /escalation/ [in italics]. If the result of the escalation is to be the ultimate supremacy of the United States, and if this is the true ambition, then let this at least be openly admitted.

8463
CSO: 3105

PROFESSOR EXAMINES ALTERNATIVE ENERGY SOURCE PROSPECTS

Helsinki HUFVUDSTADSBLADET in Swedish 4 Jan 81 p 10

[Report based on information from Prof Bertel Myrén]

[Text] Finland's energy consumption is continuing to increase. According to the statistics published annually by the Ministry of Commerce and Industry, the amount of energy used in Finland in 1979 corresponds to over 25 million tons of oil. Over 70 percent of it is imported, mostly in the form of oil but also as coal, natural gas, and uranium. The increase has averaged about 5 percent a year with the exception of the years 1974 and 1975, when the consumption decreased somewhat. This rising trend seems likely to continue as long as the world is not hit by serious crises in international trade.

The war in the Middle East and the disorders in Poland, where most of the coal is imported from, give increased urgency to the efforts to use domestic fuel. Thanks to our favorable commercial relations with the Soviet Union, which is Finland's most important supplier of energy, there is no immediate prospect of a shortage of energy. But since the Soviet oil is bought at OPEC prices, the energy imports are becoming very burdensome economically; they already amount to about a fourth of the total value of imports.

Investments

In close collaboration with the Pöyry corporation, the firm of JP-Energy Oy is chiefly engaged in developing and selling technology by which the degree of domestic energy supply can be raised. Prof Bertel Myrén, technical director of JP-Energy Oy, points out that while the unused domestic sources of energy are quite well known, a conversion to domestic forms of energy of national economic significance will take both time and large investments.

According to him, various groups in the energy debate often talk past each other. Those who advocate the application of so-called soft technology and want to use, e.g., solar energy and wind power for a solution of the energy problem locally for small groups of consumers, while the energy-producing corporations have answers to the whole country's energy requirements and must rely on different solutions to ensure the access of industry and the big urban areas to energy.

It is obvious that investments in solar energy and wind can have only a marginal significance, no matter how important they may be for the limited number of people that can make use of them. Of our domestic energy resources, apart from the practically fully exploited water power, only the peat in our bogs and the growing forest are of national economic significance.

Extravagant To Burn Wood

If all the regrowth in our forests were used as fuel it would correspond to about 17 million tons of oil a year. But the wood is raw material for our forest industry. In normal years about 60 million cubic meters of wood is transported to the Finnish wood-processing industries. In the processing, waste accrues in the form of bark and is leached out when cellulose is recovered from the wood. These waste substances are efficiently used for energy production at the cellulose factories and paper-mills. They cover half of the forest industry's fuel requirements, which amount to about the equivalent of 4.4 million tons of oil.

It pays to process all the wood that can be sold on the export markets in the form of sawn lumber, cellulose, and paper instead of using it as fuel. At present prices these exports bring a net profit to Finland sufficient to buy up to 10 times as much imported energy as the energy contained in the wood products.

To burn up the forest industry's raw material would thus be a great national economic extravagance, apart from the fact that it would have devastating effects on employment in the country.

Improve Cutting Technique

In connection with timber cutting and certain forestry measures, a considerable amount of waste wood is left in the forest, which cannot be used as raw material in the factories with present processing techniques. It has been calculated that the waste wood left in the forest each year corresponds to over 7 million tons of oil.

A small part of this is now utilized, mostly by individual forest owners for their own use, but also for small heating plants in rural areas. With the efficient cutting technique now in use it is very expensive to transport the forest waste out of the forest. From the point of view of national economy it would in any case be very desirable for cutting methods to be improved so that the wood fragments could be used to a greater extent for energy production.

Allergies

The problem with the forest wastes is not only getting them out of the forest but also being able to process them so that they can be stored, transported, and burned in an efficient way. Fresh wood contains 50 percent water and is a good base for the growth of microbiological organisms. It has been shown, for example, that persons who handle chips stored green in stacks run a risk of getting chronic allergic diseases from fungus spores that develop in the stacks.

It is also hard, especially in small fireboxes, to maintain stable combustion with such moist chips. Considerable technical and economic investments are therefore still needed throughout the chain from timber cutting to combustion before large-scale use of forest waste can be realized.

Cut Peat Inconvenient

In Finland there are nearly 10 million hectares of marshes and bogs, which contain an enormous amount of peat. It has been estimated that the peat bogs could yield an amount of energy that corresponds to 2 billion tons of oil, an amount of energy of the same order of magnitude as the known Norwegian oil deposits in the North Sea.

But the peat layer in the bog is very wet; to one part of dry substance there are nine parts water. Crude peat as such cannot be used as fuel. By taking out a thin outer layer from a drained bog and letting it dry in the sun during the summer it is possible to get what is called "cut peat," which contains only 50 per cent water. The main part of the peat used now is such cut peat.

But it is an inconvenient fuel, which cannot be transported economically for long distances and which can be used only in large, expensive installations especially built for that fuel, in which it is also necessary to burn considerable amounts of oil.

Among all political parties in Finland there is an outspoken desire to raise the degree of the country's self-sufficiency in energy greatly. This energy-policy objective can be attained only by greatly increasing the use of fuel based on peat. It is probable that the use of electrical energy will increase faster than the use of other forms of energy. Although we now have an overcapacity for production of electrical energy--provided our nuclear power plants can be kept in operation--by the end of this decade we shall be in a situation in which the electric power generating capacity must be expanded.

Unless by that time we have a developed and established industry that produces a peat-based power plant fuel, we shall have to rely on imported energy in the form of either coal or uranium for new nuclear power plants, and the energy-policy objective of a higher degree of self-sufficiency will not be attained.

New Process

It may be questioned whether it is wise to build big power plants that use cut peat as fuel, when the cut peat production is entirely dependent on the weather during our relatively short summer. It seems more sensible to rely on a peat technology by which a year-round peat fuel production independent of wind and weather can be achieved.

One of the processes developed by JP-Energy Oy is aimed precisely at that. In this so-called PDF [expansion unknown] process, crude peat is converted by heat treatment so that the water can be pressed out of the peat. This is done in factories that are built in the immediate vicinity of sufficiently large peat bogs. For such a factory to produce 100,000 tons of fuel a year for 20 years, there must be bogs with a combined area of about 1,000 hectares.

Especially in northern Finland there are a number of places with bogs that large.

For the PDF process the wet crude peat is taken up out of the bog and transported directly to the factory, where in a few hours it is converted into a fuel equivalent to coal, with a low moisture content. This fuel, which has a low sulfur and ash content and is easy to transport and to store, can be used both in small fire-boxes and in large power plants. The whole peat layer, which in Finland is often about 2 meters deep, can be taken up at one time.

This way it is only necessary to work about 5 percent of the area that would have to be exploited in cut-peat production for the same energy production. This is a great advantage, for the areas exploited can be restored, after the peat layer has been removed, by forestation. Obviously the ecology of the area will be affected, but the forest that replaces the peat bog in this way is of good quality.

United States Going Ahead?

The American Department of Energy recently decided to invest several million dollars in a study of the possibilities of building a big peat processing plant in Maine using this Finnish process.

It is reported by JP-Energy Oy that negotiations have been under way for some time with our state energy corporation about the possibility of using the process in Finland as well. A decision on this will probably be reached in the near future.

Time To Invest

It may be stated that energy resources in the form of forest wastes and peat do exist in Finland that are significant in terms of the national economy. A change in the country's primary energy structure, however, cannot be made in the twinkling of an eye. In the situation today our energy supply is taken care of by imports.

But the question is whether it is not time now to invest specifically in the processing of domestic energy raw materials on a large scale, so that we shall be ready when imported energy runs short or its costs become too high for us.

8815

CSO: 3109

PROBLEMS IN ELECTRICITY, CONSUMPTION, PRODUCTION

Paris LE MONDE in French 17, 18-19 Jan 81

[Serialized article by Bruno Dethomas and Xavier Weeger: "The Consequences of An Ambitious Program"]

[17 Jan 81, pp 1, 34]

[Excerpts] Electricity cannot be stored. To balance demand with supply is thus a major difficulty for the EDF [French Electric Power Company]. In the alternative energy policy which the PS [French Socialist Party] will present on 19 January 1981, the Socialists are projecting a growth in electric power consumption less than half that anticipated by the existing program by 1990. The consequence is that "power stations under construction will be completed but no new nuclear projects will be started."

The latest government decisions bear on commitments for reactors which will begin production in 1989. Henceforth it is the post-1990 period that is involved. Will the EDF manage to create within a few years needs for electricity--notably in the industrial sector--which the use of nuclear power mandates? Will it manage to make new electric uses, and therefore new working hours, socially acceptable? The public utility enterprise is striving to do so by amending its rate schedule and through its sizable research effort. But for a program costing the nation more than 20 billion francs a year, errors in forecasting threaten to be expensive.

1. Too Much Nuclear-Generated Electricity in 1990?

So far, the French electronuclear program has been an undeniable success. Construction deadlines have been met as nowhere else, costs have been controlled despite an inevitable drift in the order of 2 percent compared to the inflation rate, industrial efficiency is real despite "fissures": It is not rare for the monthly production level of the initial 900 megawatt pressurized water reactors

(PWR [Pressurized Water Reactors])--those of Fessenheim or Buguey--to exceed 90 percent of capacity.*

Evidence of this efficiency: 18 reactors will have been placed into industrial service between 1980 and 1982 and the share of electric production of nuclear origin will continue to grow: More than 20 percent in 1980 and about 50 percent in 1985. The French President was thus able to declare in expressing his resolutions: "The share of our electricity of domestic origin which used to represent 45 percent in 1973 will reach 70 percent at the close of 1981. The noose around our necks will be loosened correspondingly." Even if he ignored in this way the 4,700 tons of uranium imported in 1979 and the 6,000 to 7,000 tons which will necessarily be purchased abroad in 1990.

Under these conditions, it may seem trifling to wonder about the need to pursue, given the present rate of demand (5,000 to 6,000 megawatts a year), a nuclear program which reduces oil consumption and strengthens national independence. Yet, the relative rigidity of the exploitation of nuclear power stations, the distinct slowdown in demand for electricity, the magnitude of the investments of the EDF in the formation of the country's gross fixed capital (over 5 percent) and their impact on the operations of the national enterprise (43.7 percent of its turnover in 1980) make it necessary to ask a few questions on the economic optimum of nuclear power, and also on the social consequences of the penetration of electricity now prepared by the EDF. Is it known, for example, that an error in forecasting in the annual consumption of electric power of 25 billion kilowatt-hours represents an overextension of the electronuclear inventory of five 900-megawatt units, that is, about 17 billion francs' worth of useless or premature investments?

"Outdated Models"

Now, the habits which people are beginning to acquire to save energy and the slowdown of economic activity have rendered outdated the guidelines used to estimate the evolution in demand for electric power (as well as that for other energy sources). The EDF knows something about this since for the first time its projections of the summer of 1979 regarding consumption in 1980 were clearly erroneous: The demand totaled only 248 terawatt-hours [twh] compared to the 258 twh that had been anticipated.* The EDF has drawn some lessons from it in the short term which is already being played out in the field of investments--but not in terms of 1990. "There appears in overall consumption a very significant reduction during the initial years (9.8 twh in 1980, 18 twh in 1985). which

* In 1980 the two reactors of the Fessenheim (Haut Rhin Department) power station produced 11.19 billion kilowatt-hours thanks to a production level of 71 percent for the former and of 72.3 percent for the latter. Since the placing into operation of the two reactors--in April and October 1977--the power station has produced 33.3 billion kilowatt-hours, that is, an output in excess of 10 percent of estimates.

** One terawatt-hour equals one billion kilowatt-hours.

becomes practically zero by 1990," the EDF asserted after revising its projections in September 1980.

The goal of 450 twh by the end of the decade--of which 73 percent would be provided by nuclear means--is therefore maintained by the EDF and underwritten by the public authorities. Without joining the numbers game one must recall however that in its latest estimates the energy commission of the Seventh [Development] Plan--estimates which date back to 1978--anticipated electric power consumption of 400 twh by 1990. One may also note that the EDF's objective represents installed nuclear power of 36 gigawatts [gw] whereas that of the Seventh Plan was 32 gw while that determined by the studies and projections center of the Ministry of Industry in "a modest energy growth scenario for France" came to only 30 gw.

It is therefore necessary to conclude that the EDF sees things big. However, nuclear power does not have the flexibility of use that a power station burning fuel oil or coal, even a gas turbine, has. Nuclear reaction is a complex phenomenon which does not allow too frequent interruptions. At most it is possible to reduce the load curve of the reactor. In its jargon, the EDF concedes that nuclear power finds its best application in response to "basic" demand, thermal (coal or fuel oil) power serving to meet the "peaks" of some hours of the day and of a few difficult weeks in winter. However, beyond 50 percent of nuclear power--generated electricity, that is, beginning in 1985, atomic reactors no longer will operate on a "basic" level.

This prompts an initial question: Is the economics of the nuclear program not significantly modified as soon as a reactor is no longer slated to operate 6,700 hours a year--a projection for reactors now in service--but only 5,000 hours around 1990, even 4,000 hours after 1995? "The very sharp rise in the price of fuel oil in the past 2 years also increased our margin of maneuver," officials in the general manager's office of the EDF are wont to answer. The cost price of one kilowatt-hour of nuclear power that would serve as base in 1990 is now, if one believes the latest computations of the Commission for the Production of Nuclear-Generated Electricity (PEON) three times lower than the same kilowatt-hour produced from fuel oil and less than 60 percent the cost per kilowatt-hour of electricity produced in a coal-burning power plant. The cynics will even assert that the reactors could be halted for 4 months a year to face those breakdowns expected for many years now by people opposing the present program without the competitive nature of nuclear power being completely negated.

But since electric power cannot be stored one may also worry--to put it somewhat briefly--about what will be done with the electricity produced by nuclear power plants at night or in summer. The authorities obviously are thinking of export and the use of the pumping system. "If that is not sufficient we shall produce hydrogen," it is said in the general manager's office of the EDF. But in fact the latter hopes especially to manage, in the 1980's, to promote the use of electric power to a large extent.

Rates and Commercial Policy

The burning recollection of a dispute between the general management of the EDF and the director of the Agency for Energy Conservation, at that time Jean Syrota, over the necessary slowdown of the penetration of electric heating--adjudicated in favor of the latter "a posteriori" by virtue of the major breakdown of December 1978--has made the EDF prudent, however. The strongest selling point involves the price offered to its customers: The revamping of rates, even if the EDF denies it, will be used as commercial policy. The task is not minor. To believe the latest estimates, domestic consumption should more than double in the decade (+124.7 percent), that of the tertiary (services) sector increase by 101.8 percent, and that of industry by 43 percent.

As can be seen, the EDF is doing everything it can to find a following. But the present uses of electricity (thermal and mechanical) will undoubtedly not allow attainment of its maximum goals by 1990. It will also be necessary to develop new uses, to convince industrialists to make heavy investments in conversion [to electricity], finally to secure social approval of the modifications in behavior--notably as regards working hours--implicit in the nuclear program.

[18-19 Jan 80, p 12]

2. An All-Electric Society

[Excerpts] The French Electric Power Company could be constrained in the 1990's to allow some of its nuclear power plants to be "dormant" for several thousand hours a year or to make them operate at a slow rate unless, to avoid such an entirely paradoxical situation, it finds new means to use these available kilowatt-hours.*

Such uses exist already: The "pumping stations" built by the EDF or now under construction are made to absorb surplus production by pumping water up into the reservoirs and returning these excesses during peak hours.

But such carryovers will never exceed a few thousand megawatts. Similarly, one should not count too much on exports of power to neighboring countries, such exports being slated to remain marginal.

According to the projections taken into account (and, it seems, already obsolete), annual electric consumption should increase by more than 200 terawatt-hours between 1979 (at that time it stood at 235 twh) and 1990.**

* Let us note by way of an aside that the EDF was already obliged last summer to reduce the operating rate of some of its nuclear units in order to obviate regional overproduction.

** One terawatt-hour (twh) equals one billion kilowatt-hours.

The industrialists will undoubtedly be the most difficult to convince. Aware of this difficulty, the executives of the EDF have undertaken for some years now demonstration effect measures to persuade the industrialists of the desirability of switching from the use of fuel oil--or other fossil fuels--to electric power. But the task will be difficult: The industrial sector (including transportation) should, according to the hypotheses of the EDF, consume in 1990 approximately 50 twh more than today. Half should be absorbed by the simple development of industries using known techniques and procedures--in short, through the simple interplay of economic growth--assuming that the latter would be prepared to accept the rates decreed by the public authorities. The balance, that is at least 25 twh under optimal conditions, should represent what the EDF calls the "new penetration" of electricity: New processes or substitution of electric power for other energy vectors.

On these two levels the EDF is becoming active among industrialists: Electric furnaces, heating methods, distillation using membranes (instead of evaporation), and the recuperation and improvement of energy are assiduously being studied, developed, and presented by the enterprise, often in connection with such or such an industrial partner. A big case is made for plasma flares in blast furnaces--flares which, through electric consumption of from 1,000 to 1,500 kilowatt-hours per ton of cast-iron, would lower by half the consumption of coke--a high-cost product that is most often imported. All the potentially "energy-hungry" sectors are inventoried--for example the agrifood sector. Under the incentive of the EDF most of the large industrial dairies, in their concentration processes, use a method known as mechanical steam recompression. The latter uses an electric engine to replace a fuel-driven boiler to raise useful steam to a sufficient energy-producing level.

The Hydrogen Miracle

To invent new electric processes, to replace fuel oil and coal with electricity which is possibly inexpensive and has flexibility of use--these are perfectly legitimate measures through which the EDF plays a stimulating role of innovation that is unquestionably useful for industry. But their success will not solve everything. One problem is unquestionably to find new users to make profitable an electric production tool which the collectivity will ultimately finance. Another is to act in such a way that the new demand created should indeed "plug the holes" in the existing one--schematically, that it should especially come into play during off-peak hours, that is, in summer, during weekends, and at night. That is why the EDF is also working on "bi-energy" processes operating on electric power during off-peak hours and using conventional fuels during peak hours. This task is all the more delicate as industrialists adopting such a system will have to make a twofold investment. Rates will have to provide great incentive.

The miracle system operating only on electric power and only during off-peak hours undoubtedly will be found in the future. According to most experts it consists of the production of hydrogen through the electrolysis of water being studied by the EDF and the GDF [French Gas Company] and two industrial groups linked to the Creusot-Loire Company and the CGE [General Electric Company--

France]. At present the hydrogen produced in this manner is not competitive with that obtained in the refineries. Experts working on the preparation of the 10-year research program figure that considering the anticipated technical progress, a competitive situation can be reached by 1990. One could then anticipate 2 billion cubic meters of hydrogen a year [the existing consumption, 60 percent of which is absorbed by the synthesis of ammoniac, is 10 billion cubic meters). By the year 2000 it would be possible to anticipate 10 billion cubic meters a year (using power in the order of 45 twh spread over 3,000 hours). Such a volume, the same experts opine, could be used by the iron-and-steel industry, in refining (taking into account a constantly growing demand for light oil products), or in the hydrogenation of coal.

Without even talking of hypothetical hydrogen-driven automobiles--which would be nonpolluting, using fuel produced thanks to nuclear power, no less--it is clear that the significance of the EDF program will have an impact on several sectors that is difficult to evaluate today.

The "all-electric" society being readied by the EDF with its nuclear program assumes a disruption within 20 years of a portion of the productive apparatus and of social customs. It may be in the forefront of those discussions on the scheduling of working time which will certainly have to be resumed one day. Is it not already time to discuss it?

2662

CSO: 3100

BRIEFS

DROUGHT CAUSES ELECTRICITY RATIONING--Lisbon, 8 Feb (AFP)--The Portuguese Government has decided to introduce electricity rationing immediately throughout the country because of the six-month old drought. Industry Minister (as received) Ricardo Baiao Horta has announced an immediate five percent voltage cut, the close-down of television at 2300 Hopsq, and a ban on nighttime lighted advertisement signs. He also said that there will be power cuts if it does not rain this week.

Portugal normally exports electricity at this time of year but since January it has been importing 25 percent of its needs because power generating dams, which normally provide half of the nation's power needs, are running low. France is providing most of the imported power but officials fear that the slightest breakdown in a French plant, or transmission line problem in Spain, would cause a severe shortage. The imported energy is costing some 1,000 million escudos (about 17 million dollars) a month. But agriculture, which has also been affected by a particularly hard frost, has been hard hit by the drought and export earnings are down. The Agriculture Ministry has approved aid of some 600 million escudos (about 10 million dollars) to help firms in difficulties, but the cost to the country could be double this when the cost of imports and lost exports of items such as rice, lemons and olives is calculated. [Text] [NC081339 Paris AFP in English 1332 GMT 8 Feb 81]

CSO: 3120

FRANCO-GERMAN WEAPONS SUCCESSES REVIEWED, PROJECTED

Paris LE FIGARO in French 15 Jan 81 p 3

[Article by Jean-Paul Picaper]

[Text] Bonn—As luck would have it, Mr Reagan's assumption of office will be taking place right in the middle of the German budget debate with its crucial item: the defense budget. No one views this coincidence as an omen. Pressures from Washington in favor of a step-up in military expenditures would intervene at a time when Bonn is having the hardest time "to make both ends meet." A source of future friction with Washington, this situation would also appear to encourage permanent partisans of a Bonn-Washington axis inside NATO. All the more reason for Chancellor Schmidt to lose his main argument in favor of intensive European cooperation, to wit, the weakness of the American chief executive, in the face of the new American president.

France will have to be tactful to maintain or improve its gains in this domain. One of the first sectors to run the risk of suffering from it would be the Franco-German military equipment manufacturing industry.

A warning symptom is the insidious criticism of these industries, spread by certain German economic circles and in parliamentary corridors. Overall criticism, on the one hand, inspired by the unadmitted regret at seeing German technology reduced to the short end of the stick with conventional weapons while France keeps the noble field of nuclear weaponry for itself.

The complexes of a German industry, proud to be in step with the others, but "lagging behind France in the naval equipment and aeronautics industries, ahead only in the field of tanks," as the Ministry of Defense admitted off the record, have grafted themselves onto it.

Detailed criticism, on the other hand, highlighting the malformations of youth of the Franco-German weapons, now overcome in their adulthood, or dealing with fictions, the equivalent of reproaching a thoroughbred for not being able to pull a wagon or a Percheron for making a poor showing at the steeplechase. Without even having anticipated the cost explosion, France from the start did not believe in the "Tornado," that futuristic Messerschmitt. It refused to participate. The "TKF" prototype (outlook: 1993-1995), designed by Messerschmitt, was sent to Hanover, the German "little Le Bourget," only to be more daring than effective, unlike our "Mirage." Moreover, the German industry's dreams could come to an end with the

seminar Mr Apel, the minister of defense, has invited his collaborators to attend in early March to "talk money."

The Bundeswehr [German Army] ought to be on its guard against two faults: a perfectionism bordering on science fiction, inspired by industry and the fascination with everything American, and manipulation of the "Starfighter" genre, the German version of which, overburdened, suffered the mishaps we are familiar with. Technical officers and the ministry's "politicians" are only too willing to stress the seriousness of cooperation with France.

Alpha-Jet Success

The German Navy uses three French acquisitions: 20 "Class 148" fast vedettes equipped with Cermoran and MM38 Exocet missiles (maintenance agreements with German subcontractors); the modernized Breguet-Atlantic aircraft, equipping the Third Naval Squadron, with a Franco-German bureau of logistics in Paris tacked onto the deal; the PAP104 radio-controlled minesweeper and minelayer. The Navy is studying a third-generation naval missile (NATO-S3) and the Franco-German-British ASSEM surface missile with France.

Franco-German aviation successes can no longer be counted. After 6,000 hours of test flights without incident under combat conditions, the Luftwaffe [German Air Force] — like the French Army — will be using 100 Alpha-Jets (175 planned). With some 500 of these sold to seven other countries (Belgium, Egypt, Ivory Coast, Morocco, Nigeria, Togo, Qatar) thanks to France, this "light bomber" — a German formula — has overcome its initial disadvantages: the risk of "rotation stalling" in "dives" has been completely eliminated in Turbomeca jet engines; the risk of the copilot's being injured by shivers of pleasure in case of ejection has been eliminated following rail tests carried out in the United States. The technique that has been perfected is faster and safer for the pilot's spinal column than on any other aircraft. "Speed is not the objective for the Alpha-Jet, rather maneuverability in tactical support operations. Its armament is a question of money. It takes 10 years for an aircraft, but only 5 years for a bomb.

However, there are problems with tanks: Still up in the air, the "third-generation" tank seems to interest our armored troops more — the AMX 30 is getting to be obsolete faster than the Leopard 11 with reinforced turret — than it does the Bundeswehr.

The Franco-German wonder will perhaps be a "night-all weather" helicopter piloted with the aid of a monitoring screen which intensifies residual light. By the light of the stars...

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CSO: 3100

AUSTRIA LAGS BEHIND SWITZERLAND IN MILITARY PREPAREDNESS

Vienna PROFIL in German 22 Dec 80 pp 34-38

[Article by Wilfried Ahrens: "Less of Everything"]

[Text] For a long time, Switzerland felt there was a "hole militarily speaking" to the east of her. That will not change until the reform of Austria's armed forces has been completed.

On an inspection trip in the Krems valley during a recent military exercise, a battalion commander had his driver stop the VW they were in and asked in curt military fashion: "What is going on here? Why are you standing around?" He was addressing three militiamen who were watching a fourth, with their hands in their pockets, as he tried to fix a Haflinger jeep that had broken down.

But instead of replying in kind, the man who was working under the hood and chewing gum said "just a second" and took his canteen off his belt. He then handed it to the colonel and said: "First you tell us who you are; then you take a drink out of the canteen; then we get this Haflinger fixed and after that we can talk."

First, the colonel just gulped-- and then he took a gulp from the man's canteen. It turned out to be fruit brandy. Meantime, the reservist had used his chewing gum to fix the loose connection that had disabled the jeep. The colonel gave a nod to the four men and told his driver to get going again.

There is no doubt about it: it is now 8 years since the armed forces reform aimed at emulating Switzerland got started and the militia mentality is gaining ground, the Swiss motto being-- "the Swiss army is synonymous with the Swiss people." And while civilian ways are supplanting the army mind more and more on regular duty, the Austrian citizen army is getting more popular among the population with every passing year: volunteer firemen hose down the tanks; farmers get their houses and barns ready to accommodate soldiers on maneuver; swearing-in ceremonies of recruits complete with weapons drills and brass bands are popular half-time attractions at sports events such as took place last

October in Vienna's formerly anti-militarist working-class district of Ottakring.

Is the Austrian army "synonymous with the Austrian people?"

Emil Spannocchi has no illusions about it. 10 years ago, the army chief made a virtue of necessity, coining the "6 months is enough" slogan and designing a militia system suited to the needs of a small neutral country. He has since done a masterful public relations job in selling the idea to the Austrian people. "Among our western neighbors," Spannocchi says, "the concept of every citizen being a citizen soldier took centuries to develop. It is imbedded in their souls. We are making progress in trying to make the army an integral part of the nation; but let us not forget that we started from scratch just a few years ago."

But the headstart the Swiss have in this field is not just a question of souls. The men and material figures are far more impressive, too-- the more so since Switzerland is half as big as Austria and has a million less inhabitants. Still, they have four times as many soldiers; three times as many tanks; 11 times as many aircraft; four-and-a-half times as many artillery pieces and a military budget twice as large.

In addition, they have air raid shelters for practically every Swiss citizen and emergency stores of food, raw materials and medical supplies worth billions. We can only match that on paper-- the national defense doctrine calls for it.

Switzerland, like Austria, has adopted a defense-in-depth strategy. "We have no intention of committing our army in a large-scale battle against a numerically superior foe," says corps commandant Hans Senn, the chief of the Swiss general staff. The defense strategies of both countries are based on "dissuasion," as the Swiss call it.¹

But, as compared to the huge arsenal of the European pact systems that might dissuade a potential aggressor from attacking the neutrals, the Swiss not only appear to be better armed, they also feel stronger than Austria which can threaten an aggressor with no more than loss of time but cannot prevent his marching through in the end. As for Switzerland, Senn says she aims "to wear out" an invader and then "deal him a lethal blow, checkmate and-- annihilate him."

Those are strong words, but they are backed up by facts:

If Switzerland issues the mobilization order, 625,000 trained soldiers take their "personal weapon" --their automatic rifle, sub-machine gun or pistol-- out of the closet and within 48 hours ten percent of all Swiss men have rallied round the flag. At this time,

all Austria can muster is 160,000 men, representing 2.1 percent of the population. Even if the army's "expansion target" of 300,000 men is met sometime in the nineties, Austria will still have only 3.6 soldiers per square kilometer as against 15 for Switzerland which has the highest military density in Europe and the second highest in the world.²

The backbone of Switzerland's motorized units are 800 tanks, including 320 British Centurions; 150 heavy Swiss Pz-61's and 330 Swiss medium PZ-68's plus 1,250 American M-113 armored personnel carriers. The comparable figures for Austria: 373 tanks; 460 armored personnel carriers.

The Swiss air force has a total of 377 combat jets. 319 of these are fighter-bombers including 72 late model American Northrop Tiger II F-5E/F's, 32 Mirage IIIS interceptors and 36 reconnaissance aircraft of the types Mirage IIIS and Venom FB-54. Most of these aircraft are located in atom-proof bunkers or mountain tunnels and can be launched by catapult. Above-ground airstrips are all better protected by anti-aircraft defenses than even the most vulnerable NATO air bases. Comparable figures for Austria: 34 combat jets.

Switzerland's stationary defenses include 600 forts (in the Alps) and fortified outposts (in the midlands between Lake Constance and Lake Geneva) armed with 400 built-in artillery pieces, 250 anti-aircraft guns, 600 anti-tank guns and 1,800 machineguns. Comparable figures for Austria: 470 permanent emplacements.

In Switzerland there are 4,000 prepared anti-tank barriers and 2,000 demolition sites (bridges, dams, retaining walls, avalanche galleries, tunnels) designed to stop an invader and at length to "wear him out" (as Senn puts it)-- a network of passive defense strategy unique in its density.³ Comparable figures for Austria: 400 anti-tank barriers, 300 demolition sites.

650,000 tons of weapons, ammunition, spare parts and reserve military gear (one ton for every Swiss soldier) --a total of 280,000 different items valued at 100 billion Schillings-- are stored in decentralized atom-proof bunkers and mountain tunnels, all for the purpose of securing short supply routes.

2,000 Dragon and Bantam anti-tank missiles and 64 Bloodhound ground-to-air missiles are the most important part of Switzerland's up-to-date ground and air defense potential. Austria, for her part, has no missiles.

The Swiss defense-in-depth strategy calls for slowing the enemy down with the help of such obstacles and demolitions and then to annihilate him with the concentrated power of defensive weaponry including tanks and infantry, missiles and cannon as well as air strikes. The enemy would thus be on a suicidal invasion route extending from the frontier to the ignominious end in the "septic tanks" that dot the network of destruction.

"It is our purpose to wage a continuous defensive battle starting at the frontier all the way to the Gotthard Pass," Senn says drily. "To that end, we have set up numerous infantry barriers and strong-points in depth designed to wear the enemy out and to channel his advance so as to give the infantry units a chance to mount counter-attacks. Our motorized infantry will be used for counter blows to annihilate enemy units that have broken through. Our air force has the job of destroying enemy support weapons and achieving air superiority for our motorized units by teaming up with the anti-aircraft units."

By now, the Swiss believe they would be able to stop and annihilate some 4,800 tanks and armored personnel carriers using their midland divisions. They base this assessment on projections of computerized war games. As of 1983, when the Dragon missile arsenal will have risen from the present 1,900 to 2,600, the number of enemy tanks destroyed is itself expected to rise to 6,000.

The figures are even higher in a study of the military picture for the eighties and nineties prepared by Gustav Daeniker, a ranking member of the Swiss general staff. "A conventional attack on Switzerland must be mounted by at least three armies or 12 divisions and include the support troops and air units of an army group," Daeniker says. "It is conceivable, to be sure, that the aggressor would look for greater superiority; but there are limits to what he can do. It would be difficult to divert more than twice the number of units for combat operations against Switzerland alone."

A modern-day division has 250 tanks and 250 heavily armored personnel carriers each. According to Daeniker's arithmetic then, the nine Swiss midland divisions would have to contend with at least 6,000 and at worst with 12,000 armored vehicles and, on top of that, with 400 to 800 enemy combat aircraft.

"The job is not as hopeless as it looks," Daeniker says. "In the 1973 Yom Kippur War, two Israeli brigades whose combined strength does not even equal that of a Swiss field division were able to stop --just barely, I admit-- two Syrian armored divisions and three infantry divisions with 700 tanks and numerous armored personnel carriers."

Daeniker's late 1978 projection "to the year 2000" also includes a Soviet occupation of Austria as part of a rapid westward thrust. "Russian troops in Vorarlberg have for years been giving Swiss military planners nightmares," Austrian defense minister Otto Roesch says, "because Switzerland felt for some time that there was a hole, militarily speaking, to the east of her."⁴

As for Daeniker, Swiss chief of staff for operational training and an internationally renowned military thinker, he was one of the severest critics of what passed for defense policy in Vienna for years.

When it seemed in the early seventies that Bruno Kreisky would scuttle the Austrian armed forces by reforming them, Daeniker warned against this possibility, prompting Swiss federal councillor Rudolf Gnaegi to say: "We are vitally interested in an orderly Austrian defense posture." And it was Daeniker's estimate to which the then Bonn defense minister Helmut Schmidt referred when he said he could understand "Switzerland's concern with regard to developments involving the Austrian army."

A miffed Kreisky told the foreign press at that time: "I am sorry for anyone who thinks I am trying to dismantle the Austrian army." Kreisky did not want to dismantle the miniscule old-style big power army and left the job of reforming it to the professionals. "Now I would like the generals to do some thinking," he said. And that is exactly what they did.

But Swiss misgivings increased even further when Emil Spannocchi --at that time head of the national defense academy-- went public with some ideas on Austrian partisan warfare patterned after Mao, Tito and Giap and when a Munich publishing house brought them out under the heading of "Spannocchi Doctrine," sponsored by the German peace researcher Carl Friedrich von Weizsaecker.

"Defense Without Battle" was the title of Spannocchi's 1976 book. It read like a "heretical text," Daeniker felt at the time, adding: "His concept lets the enemy into the country and surrenders the populace to him...It is at the very least an open question whether this is any way to attain the avowed priority goal of 'preserving the biological substance of the people!'"

Another prominent Swiss military expert and member of the general staff, Josef Feldmann, charged Spannocchi with "provoking war through negligence."

For years, communication between the general staffs of the two neutrals was restricted to this type of criticism and angry rebuttals printed in magazines. "I admit we were often annoyed," Spannocchi recalls. For a time, the Austrian army merely drew

smiles from the Swiss; but since the "defense-in-depth exercise '79" in the course of which the "Spannocchi Doctrine" underwent its acid test in the mud and in which 27,500 men, 480 tracked vehicles and 125 artillery pieces took part a year ago, the Swiss have changed their mind and Daeniker's contention that Austria means to fight a guerilla war pure and simple has been laid to rest.

Ever since Spannocchi was able to prove that gun emplacements and massed anti-tank defenses in key areas can stop an enemy and that motorized assault brigades can inflict punishment on him in the key zones on the advance and even as he retreats; ever since it became clear that an invader would not only be subject to pin-pricks but to "hammer blows," as Spannocchi puts it, there have been some expressions of praise from the Swiss for the first time.

"I was very favorably impressed by this exercise," Daeniker told PROFIL. "I could see things have improved; Austria has made great strides not only materially, but spiritually and psychologically as well. All that made a very good impression on me. I would say that Austria has a good small-scale defense concept. We call ours 'defense by static and dynamic means.' Our potential for defensive warfare is somewhat greater. The Austrians are simply not as well equipped; they have less of everything: fewer troops and not as much materiel. But the concept itself made a lot of sense to me. Really, we can no longer speak of a military vacuum to the east of Switzerland."

"The defense-in-depth plus key zone concept now being developed represents a realistic solution for Austria," Feldmann told PROFIL. "Based on my observations at last year's fall maneuvers, I am convinced of it. The key zones are so located as to permit the enemy still 'to enter the country,' which we criticized previously; but he will now encounter serious resistance at the first line of readily defensible geographic locations. The outer perimeter of the key zones represents a silhouette of Austria on a slightly reduced scale and this makes it possible to engage the enemy at the first suitable barrier, if not actually at the frontier."

Still, there are no grounds for euphoria yet, according to Feldmann. "The Austrian defense-in-depth strategy will not be fully operative until the 300,000-man target has been met," he says. Given its present strength, the Austrian army can man only a very few of the projected key zones. At the '79 defense exercise, we saw that the only key zone that was then manned called for the commitment of a rather large part of present Austrian armed strength."

To effect the hypothetical defense of 2.4 percent of Austria's territory situated between the Traisen and Enns rivers, Spannocchi raised no less than 14 percent of the troop strength that can be mobilized (along with 45 percent of his available tracked vehicles). According to Spannocchi, the 300,000-man army is "still only a dream;" present realities being far more modest than that.

Austria now has 160,000 men (Switzerland has 625,000) broken down into the rapid deployment force and the mobile and stationary militia. The 15,000-man rapid deployment force is made up of a total of 60 percent professional soldiers and long-term enlistees. The remainder can be mobilized within 12 hours.

Austria has 823 tanks and armored personnel carriers (Switzerland has 2,050) including 100 American M-47's; 120 American M-60A1's; 400 Saurer 4K4F armored personnel carriers and 153 Kuerassier assault tanks. 50 late model medium M-60A3 tanks are on order to replace obsolete M-47's.

Austria has 202 mobile artillery pieces (Switzerland has 900) among them 20 SFKM2 15.5 cm cannon; 108 10.5 cm rifled field howitzers; 38 M-114 15.5 cm howitzers; 38 M-109 armor-piercing howitzers. 18 M109A2 armor-piercing howitzers are on order.

Austria has 34 jet fighters (Switzerland has 377) of the technically improved Swedish SAAB 1050e model.

Austria has 470 stationary emplacements (Switzerland has 2,000) armed with built-in Centurion turrets or other Swiss 10.5 cm guns.

Austria has 400 prepared tank obstacles (Switzerland has 4,000) and 300 road and rail demolition targets (as against Switzerland's 2,000).

Austria has no anti-tank missiles (Switzerland has 2,000).

Austria has no anti-aircraft missiles (Switzerland has 64).

Article 13 of the state treaty which bans "guided or self-propelled missiles"⁵ makes the purchase of late model anti-tank and anti-aircraft missiles impossible.

It has also been impossible to purchase late model interceptors for lack of funds, but this situation should be remedied sometime soon. Otherwise, the "Golden Helmet" electronic early warning and detection system due to be operational by late 1981 would serve no useful purpose. Costs of the system amount to around 3 billion Schillings.

Although Austria's defense expenditures have almost tripled over the past 10 years (the 1980 figure was 12.4 billion Schillings) they still are only half as high as those of Switzerland which spent

the equivalent of 25.4 billion Schillings in 1980. This year, Austria is spending 1,654 Schillings per capita on defense (the 1969 to 1973 annual average amounted to only 750 Schillings); the Swiss per capita expenditure this year equals 4,031 Schillings. "At this stage, we are no longer last in defense expenditures," General Kuntner says. "We are now somewhere in the middle."

Austria has figured as an almost shining example for all other countries ever since she adopted the "comprehensive national defense" concept (ULV) as part of her constitution in 1975. All three parties represented in the national assembly voted for adoption of ULV as article 9 a of the constitution to include not only the military aspects but also "the civil and economic aspects of national defense."

These ideas are worth their weight in gold or as chancellor Kreisky is apt to say: "this is going to run into the billions."

The Swiss are prepared to spend them. Since 1973, they have spent 13.5 billion Schillings on civil defense, above all on the construction of radiation-proof and gas-proof air raid bunkers. Already, 90 percent of the civilian population could be protected in case of an attack with nuclear or chemical weapons. The goal is to provide a shelter for every Swiss citizen by the year 2000.

An indeterminate number of billions have been spent on laying in stores of civilian war and emergency supplies: food and medicine; agricultural feed; industrial raw materials, automotive and home heating fuels, to last 6 to 12 months.

Austria so far has only laid in a 70-day emergency supply of crude. But even that was only done because Austria had to commit herself to do so under an international agreement among the Western industrial nations following the 1973 oil crisis.

Austrian civil defense authorities are acting on the assumption that "no nuclear war will be waged against a small neutral country," according to Dr Gottfried Lippowitz, the responsible department head in the interior ministry.

Maybe those in East and West who press the button agree. The Swiss, at any rate, are not taking anything for granted and would rather rely on their own official civil defense slogan: "No defense effort serves a useful purpose, if and when what is to be defended cannot be protected from annihilation."

Once the air raid sirens sound in Switzerland, millions of people enter the bunkers within minutes, supplied with food and medicine for several weeks and taken care of by 425,000 civil defense personnel who were drafted into their jobs in peacetime.

And what are the Austrians supposed to do in case the sirens sound ? "They turn on the radio and get word as to what to do," Lippowitz says. "And they do react, as the Skylab experience proved. That was a kind of dry run which showed us that our facilities are really not all that bad and that we do have something of an apparatus to handle the situation."

Since there will be no nuclear attack, Lippowitz figures that the cellars of older buildings will afford sufficient air raid protection for 70 percent of the population. The federal and Land governments have spent a total of 2 billion Schillings on the construction of modern air raid shelters over the past 25 years. In an emergency, there would also be 250,000 volunteer firemen available ("We are way ahead in this field," Lippowitz says) as well as volunteer Red Cross helpers and 300,000 trained civil defense volunteers.

"We are doing what we can," defense minister Roesch told the German military journal WEHRTECHNIK last year. More affluent Switzerland, whose 1979 GNP was 1,350 billion Schillings as compared to Austria's 895 billion, is willing and able to do more.

Switzerland's lead in defense preparedness both materially and psychologically appears all but insurmountable.

While Austria went under as a big-time military power as a result of World War I and lost 400,000 men on the battlefields of greater German megalomania, the Swiss lived in peace thanks to their armed neutrality.

While Austria was unable to start rebuilding the country ruined by war and occupation until 1955, Switzerland had billions available for expensive arms purchases, the construction of bunkers and the laying in of emergency supplies.

While Austria then "took another 20 years to work out its basic military security goals," as general Helmut Berger says and did not yet adopt the militia system and her defense-in-depth strategy until this past decade, Switzerland has been, as Daeniker puts it, a self-confident "people in arms" for centuries.

Emil Spannocchi's "doctrine" at least makes it militarily possible for Austria to tell a world armed to the teeth that she is willing and ready to fight for her survival and independence. But, as long as comparable efforts are not made in civil defense and in setting up a functioning crisis economy the fact will still remain that Switzerland's "total defense" concept is firmly in place whereas Austria's ULV merely is firmly embedded in the body of the constitution.

FOOTNOTES

1. Dissuasion as defined by the Bern study commission on strategic problems: "We mean by this a strategic posture aimed at preventing by every means at our disposal an attack by a potential adversary against our country, territory, population and independence-- even in the absence of the availability of a strategic deterrent such as a credible threat of retaliation with long-range nuclear weapons. Such a 'dissuasion' strategy may entail political, economic, financial and military measures; it also includes civil defense."
2. At the top of the list is Israel, with 17 percent of the population under arms and 30 soldiers per square kilometer. By comparison, there are three soldiers per square kilometer, including those of the other NATO countries.
3. The Swiss demolition plans go back 100 years. Initial preparations for blowing up international rail lines in times of war or crisis were being made as early as 1880; through roads were first included 10 years later. During World War I, militia units systematically expanded the network of demolition targets; between 1939 and 1945, it was extended to cover all of Switzerland. For the past several years, the Swiss have been setting the explosive used --chemically stable, non-ageing and impact-proof Trotyl-- in concrete into the demolition targets during peacetime. A special fuse is employed to ignite the embedded charge.
4. In the fifties, Swiss general staff officers offered to enter Austrian service and help build up the Austrian army. Vienna graciously declined.
5. General Wilhelm Kuntner, the commanding officer of Austria's national defense academy, publicly stated last January that article 13 of the state treaty did not prevent Austria from acquiring anti-tank and anti-aircraft missiles, which he termed purely defensive weapons. This brought on a "nyet" from Moscow and a warning blast from PRAVDA: "Watch your step, general!"

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NEW FINANCE MINISTER SEIDEL INTERVIEWED

Vienna PROFIL in German 22 Dec 80 pp 22-23

[Article by Charles Bohatsch: "Nervous Super-Brain"]

[Text] Economics expert Hans Seidel is known as a no-nonsense technocrat with sensitive nerves. His expertise has earned him the job of state secretary in the finance ministry.

"I look at things the way a civil servant does: if I am offered a job I think I can handle, then I cannot refuse it." If chancellor Kreisky sticks with his "serious intent," then Hans Seidel, the present director of Wifo, the economics research institute, will soon become state secretary in the finance ministry.

Heinz Kienzl, director of the national bank and a friend of Seidel's, would be pleased to see the matter of Androsch's succession solved this way. "The chancellor," Kienzl says, "appears to be thinking of a twosome consisting of a forceful politician and a well-grounded expert." Liberal Keynesian Seidel is to make it easier for red Catholic Salcher to direct the finance ministry. "Seidel knows the Austrian economy inside out from Lindau all the way to Jennersdorf," Kienzl says.

The "no-nonsense technocrat," in Kienzl's words, has been at Wifo for the past 35 years. "I have known all the chancellors and finance ministers of the second republic personally," Seidel says. "I have advised them and have contributed material to their budget messages."

For all that, Kreisky did not appear to appreciate the advisory activities of the economics expert too much for quite some time. At the "political-economic conclave"* over which the chancellor presides Seidel would rarely get the floor, which prompted him to remark to his associates: "I get the impression that the chancellor is not too interested in economic policy. I have my place at the table but it is the others who get to talk."

* A committee composed of representatives of industry, labor and government instituted by OeVP chancellor Josef Klaus and retained by Kreisky.

In 1976 at any rate, Kreisky asked the Wifo director to attend the "economic conference" which was to find ways to overcome the crisis of the domestic economy.

And the chancellor also had a confidential talk with the economics expert at his office a week prior to Androsch's dismissal. At that time he may already have offered him the job of state secretary. "I will have nothing to say about this conversation," Seidel says.

Previously, Seidel appeared to be more of a protege of Hannes Androsch's who asked non-partisan Seidel (who calls himself "a liberal with a social streak") to prepare one financial report each in 1972 and 1978 and one economic appraisal. And whenever there were economic negotiations with Switzerland and the FRG, Androsch invariably took Seidel along as an adviser. "My relations to him were closer than to Kreisky," Seidel says.

Seidel is proud of the fact that his ideas are reflected in the 1981 Androsch budget. "I came up with the target figure of 2.5 percent of the domestic product for lowering government indebtedness," he points out. "That turned into a magic formula and Androsch adopted it."

Bespectacled, 58 year-old Seidel who has represented Austria at OECD for the past 15 years thinks he knows how he can best assist the finance minister. "I can maintain contact to the international organizations," he says. "I can represent the Austrian economic model based on partnership between industry and labor abroad. I also have a good instinct for international developments which may affect Austria and can make proposals on how to deal with them."

Seidel also says what he did not like about Androsch's economic policies: "The deficit in the balance of goods and services must be lowered. That is where things went wrong because we were intent on being at the head of the class in terms of economic growth and full employment." In his office in the Arsenal Objekt No 20, Seidel told us of the remedy he has concocted: "Devaluation of the Schilling is out. We can make it, if we come up with a combined income and structure policy." As income rises slightly, expensive energy imports (totaling 48 billion Schillings this year) are to be reduced through conservation while more efficient industrial products are manufactured and exported.

Seidel's associates know what his weak points are. "Extraordinary situations are extremely stressful for him," they say. "He is a man who likes to mull things over. Quick decisions are anathema to him. He certainly will not be able to stand up and fight for his economic policies in the public arena."

Seidel, too, thinks of himself more as an adviser than a politician. "In part," he says, "economic policy is based on political considerations and I just do not have the SPOe background. That is why I cannot see myself taking over the finance minister's job. Without a base in a political party it could not work out."

Seidel is not one to keep on preaching his own philosophy (as his wife predecessor Nemschak did). "One has to maintain credibility," Seidel says. "Wife is not a court of arbitration that passes judgment on economic policies. We should only assist in the decision-making process."

And in working out compromises. As a member of the social partnership council on economic and social affairs, Seidel has learned how to get a consensus: "I have a gift for reducing divergent points of view to the smallest common denominator."

What Kienzl likes about Seidel is that the latter has retained his faith in permanent growth and the attainment of just about any goal. "He belongs to the generation of the postwar years that was convinced of being able to set the world to rights by dint of courage, hard work and intelligence," Kienzl says. "And what is more, we managed to do just that."

Seidel's faith has of course been severely tested by the series of oil shocks. "For a long time," he says, "I believed we could do everything we set out to do with the means at our disposal. Now, we have to be more modest because we can clearly see that the parameters are subject to change, too."

Like Kienzl, the banker, Seidel is of humble origin. His father, a waiter, was mostly unemployed in the thirties. He needed the financial help of relatives in order to send his son to the Schottenbastei secondary school and subsequently to Vienna's economic university.

Under Hitler, the older Seidel finally got a job again; young Seidel was conscripted into the labor service. "I worked on swamp drainage in Bavaria and the construction of an airstrip in Westphalia with a shovel in my hand," he recalls.

In the fall of 1941, the young student was ordered to report to the ski troops, "but never even got close to skiing." What he was unable to do in the forties, he now makes up for by taking skiing vacations.

In 1943, a Russian shrapnel shattered Seidel's arm. He was taken to a Wehrmacht hospital in Vienna and while convalescing was able to finish his studies. In early 1945, he took up arms for the Fuehrer and the fatherland again and was captured by American troops.

By 1946, Hans Seidel was back in Vienna. Ever since then he has worked for Wifo. In the postwar years, Seidel missed his first chance for a political career: "The then OeVP economics minister Krauland wanted me to enter politics; but I said no." The less flashy career at Wifo was enough for him.

Seidel, who has a voracious appetite for professional literature, got married (to a graphic artist) in the postwar years and the couple had a daughter. The family leads a petty bourgeois existence in a rented apartment located behind St Charles church. Since Seidel is rather introverted, his many contacts to political and economic leaders have never developed into personal friendships.

Nor did he put his rising reputation as an economic expert to use in the social sphere. In fact, Seidel has always loathed representation. "I still do not own a pair of tails," he says. But, like the proverbial absent-minded professor, he wears ill-fitting suits and is unlikely to notice a spot on his trousers or an untied shoelace.

He has modest hobbies: he takes pictures with his Nikon camera, he likes to ski and to play tennis. "I need that in order to calm my nerves," he says.

As a constant coffee drinker, he is always on the verge of succumbing to work neurosis. "I am a perfectionist," Seidel admits. "That brings on these stress situations."

At such times, his hands grope for some kind of toy. He starts rattling his key chain or twirling his ballpoint pen. His face begins to work like some volcanic landscape. Seidel, who drives a Volvo, tries to explain his state of mind at such times: "I guess I am processing too much information through my computer." Though he may have a lot on his mind, he cannot really articulate it. His motor activity cannot keep pace with the unbridled flow of his thoughts. Staccato sentences are left dangling in a welter of verbal lapses.

Kienzl's simple diagnosis of the Seidel syndrome is summed up in the statement that "a super-brain tends to be super-nervous." Kienzl adds a word of advice to Seidel. "There is no need for him to worry about not being telegenic," he says. "He does not have to impress the young girls or the old ladies. That is Salcher's job. Seidel was brought in to talk to the experts."

But first of all he was brought in to help Herbert Salcher who can at least make some sense of a budget. "I only know Salcher to shake hands with," Seidel says. "But we could get to be a real good twosome in time."

OEVP'S ALOIS MOCK FAVORED AS KREISKY'S SUCCESSOR

Vienna PROFIL in German 22 Dec 80 pp 23-25

[Article by Charles Bohatsch: "Crown Prince's Name Is Mock"]7

[Text] Fessel poll says Mock could become chancellor, if Kreisky resigns prior to next elections.

The Fessel Institute is presently working on a "strategy paper" for the OeVP. The as yet unfinished study deals at some length with the question which will be of import after the next national assembly at the latest-- who is to succeed Bruno Kreisky ?

A poll conducted by the institute in October indicated that none of the better-known crown princes stand a chance with the electorate.

Vienna's mayor Leopold Gratz, who in years past was referred to "as the most promising candidate to succeed Kreisky" is just as unattractive today as finance minister Hannes Androsch whose political career is in ruins. "The Austrian electorate feels that the race to succeed Kreisky is wide open at present," the pollsters concluded. Neither the SPOe, nor the undecided voters are showing a strong preference for any particular candidate.

Because of his lack of leadership (of the Vienna party apparatus and at city hall) Leopold Gratz has sustained greater political losses than his erstwhile competitor. Only 26 percent of the SPOe voters and only 20 percent of those with no party preference would cast their ballot for Gratz. In October at least, the red voters (26 percent) still preferred Androsch and among non-partisan voters Androsch got a mere 20 percent like Gratz.

Alternative candidates proposed by Kreisky are received with something less than enthusiasm by the party rank-and-file. Education minister Fred Sinowatz gets the nod from just 18 percent of the SPOe voters and from 21 percent of the non-affiliated. And floor leader Heinz Fischer, the party's intellectual wonder boy, comes up with the same depressing totals.

Sensational is the word for the result of a hypothetical confrontation between the SPOe candidates and OeVP chief Alois Mock: "In a contest with vice chancellor Androsch, Mock's lead amounts to 25 percentage points and in a one-on-one contest with mayor Gratz, he has a 12-point lead." Mock was particularly strong among the undecided voters.

According to the pollsters "the personal appeal of the top OeVP candidate" is underscored by the relatively positive response to the question: "If Kreisky does not run in the next election, would Alois Mock stand a good chance of becoming chancellor?" 52 percent of the non-affiliated voters said yes as did 45 percent of the total electorate. Even in the red camp, 27 percent of the voters could see Mock as "the logical successor" to the 70 year-old chancellor. "In the mind and in the inclinations of the Austrian electorate Alois Mock is by now considered the most promising of 'Kreisky's heirs apparent'."

Conversely, this assessment is proof of the SPOe top candidate's personal appeal. The electorate views Kreisky's departure from the political scene as amounting to an election defeat for the SPOe.

The label that stuck to the OeVP for years is now thought to apply to the once monolithic SPOe which is viewed by a majority of the population as being "strife-torn and disunited."

The strategy paper also goes into the "political development of the SPOe after Kreisky." More than two-thirds of the population (and 57 percent of the SPOe adherents) "expect hard intra-mural power struggles and tensions to surface in the SPOe once Kreisky decides to leave the scene." 77 percent of the electorate (and 71 percent of the SPOe voters) are convinced the SPOe will lose a lot of votes when that happens.

The Fessel interviewers also found that there is "latent and increasing discontent" with the socialist party's present state of affairs. Almost half the population (48 percent) and more than two-thirds of the uncommitted voters agreed with the statement: "The SPOe would benefit as a party from a few years in the opposition and removed from power."

Last September, another poll (by IMAS) had already indicated an erosion of SPOe strength due to personnel conflicts and substantive disagreements. A majority of respondents agreed to statements such as that there are too many fellow travelers in the SPOe, mainly interested in private gain; that the SPOe has too much power and lays too much stress on party bureaucracy and that it is lacking in human warmth.

Even Kreisky who is getting more popular all the time (according to a Gallup poll) is beginning to show signs of wear and tear. The old man is no longer the man of old: he is seen as less resolute, less capable of getting things done and as having lost some of his authority.

The weakness of the party in power is the strength of the opposition at this juncture.

The Kaerntner Strasse strategists are hoping that the signs will point in the direction of a grand coalition after the next elections to the national assembly (in 2 years). The Fessel interviewers found for that matter that "the majority considered the relations between chancellor Kreisky and Alois Mock to be correct, businesslike and constructive."

As it happens, there are fairly regular conversations taking place (every other month) between the red old-timer and the black newcomer. "When Taus met with the chancellor, one would always be afraid there would be a slamming of doors in 10 minutes," Mock's secretary Herbert Vytiska says. "In Mock's case, one has to be afraid the meeting will take 2 hours instead of one."

Despite the spirited exchanges between OeVP and SPÖ in the day-by-day political struggles, OeVP strategists now contend that "Kreisky and Mock are getting together."

At least to talk.

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CSO: 3103

BRIEFS

LEADER ON DISARMAMENT CONFERENCE--Vienna (NZ/ADN)--Especially in the present situation, Austria regards stable relations with its socialist neighbors as an essential contribution to continuing the detente policy. This was underscored by Dr Heinz Fischer, chairman of the SPOe Nationalrat parliamentary group in talks with foreign journalists in Vienna on Wednesday. "Our relationship with these states is on the whole good to excellent. This also fully and entirely applies to relations with the GDR even though it is not our immediate neighbor," the leading SPOe politician emphasized. Fischer affirmed his country's interest in holding a European disarmament conference. "It now is urgently necessary. Such a conference will only be meaningful, however, if it leads to real and concrete disarmament steps and if, as a result, the arms race which hampers the continuation of the detente policy, is slowed down," Fischer stated. [Text] [AU301907 East Berlin NEUE ZEIT in German 29 Jan 81 p 1]

CSO: 3103

VAN MIERT DENIES BEING 'AGENT OF EAST'

Brussels SPECIAL L'EVENTAIL in French 2 Jan 81 pp 4-5

[Interview with Karel Van Miert, President of the Socialistische Partij (SP), 12 September, by H. V.; place not given]

[Text] "Karel Van Miert, an Agent of the East?" was the title of our 12 September article. In an interview granted to us, the president of the Socialistische Partij responded to accusations made against him.

"Even if they were followed by question marks, the insults made against me were so strong that I could have sued you for damages or at least have demanded the right to reply. I did not do so because I believe it is not desirable for politicians to engage in polemics with the press. However, I appreciate the fact that you should ask me to explain my position and to respond to the inaccuracies contained in that article and to the slanderous interpretation of political viewpoints concerning international affairs which, as president of the Socialistische Partij, I have defended for many years on behalf of my party.

First of all, it is not true that Belgian socialists have betrayed the fundamental declaration of the Socialist International by rejecting cooperation with communism. With their partners, the Belgian socialists have simply come out in favor of detente between the East and the West. Precisely on the eve of our departure for Bucharest, Andre Cools and I approved the declaration of our International, which stated: "In order to preserve international detente, every opportunity to arrive at a bilateral and multilateral dialog between blocs must be seized.... New openings must be found in order to negotiate the blockage of a deployment of more nuclear weapons in Europe.... Affiliated parties must use every possibility of contact in order to promote a policy aimed at the pursuit of detente."

At its meeting in Vienna and shortly before the socialist group in the European Parliament, this Socialist International strongly condemned the Soviet invasion of Afghanistan and demanded the withdrawal of Russian troops.

It is obvious that this flagrant failure to recognize the sovereignty of an independent country by the Soviet Union placed the policy of detente in danger. If we accepted Ceausescu's invitation, it was because the Romanian chief of state, whose country adopted a critical position with regard to Soviet expansionism, had himself criticized the Soviet invasion of Afghanistan.

This lightning visit to Bucharest -- it lasted only a few hours -- was organized very suddenly and was perfectly in keeping with the text of the resolution adopted at the meeting of the Socialist International in Vienna on 5 and 6 February 1980.

[Question] But our article was based on an official document.

[Answer] Allow me to put an end to that myth. A large part of your article is apparently based on a report by the Belgian ambassador to Bucharest to the minister of foreign affairs at that time, dated 8 February 1980. That so-called "confidential" document contains nothing other than the summary of the official communique issued on 7 February 1980 by Romanian authorities concerning the visit of the Belgian socialist delegation. The very day of our meeting in Bucharest, that communique was disseminated to all press agencies.

How confidential that lightning visit of the SP and the PS [Socialist Party] was!

[Question] You are therefore protesting our accusation that you are a propaganda tool of Moscow?

[Answer] Despite the question marks, I find in those accusations and in your title "Van Miert, an Agent of the East?" a deliberate attempt to distort the real views that I defend on behalf of my party.

According to you, in Bucharest I made commitments to my "friends in the East" (conclusion of your article of 12 September).

However, the official communique issued in Bucharest on 7 February 1980, following the meeting, clearly shows that the Belgian and Romanian delegations were precisely in agreement on these points, which -- in the light of the events in Afghanistan -- would not please Moscow at all. I quote your "confidential" document: "The two delegations emphasized the importance of solving all disputes between nations by political means, to exclude totally the use of force or the threat to use it, to pursue the path to detente, based on respect for the principles of national independence and sovereignty in international relations, for equal rights and noninterference in internal affairs."

Could a Warsaw Pact nation have gone further in criticizing Soviet policy, this in the midst of the Afghan crisis? Is that the language of Moscow's agents?

[Question] Yes, but according to the author of the 12 September article, you supported the Soviet point of view in the missile affair.

[Answer] The missile affair? Both sides: both the Romanians and Belgians on 7 February 1980 in Bucharest, in fact appealed to all progressive forces to work on behalf of halting the arms race before it is too late, in order to prevent the installation of missiles and other nuclear weapons in Europe, in order to create a climate of trust between European nations, without any foreign interference. This fits in perfectly with the policy that my party has always defended: Europe cannot become the nuclear stakes of two superpowers, neither Moscow nor Washington.

In order to make it clearer, I would like to refer to the speech I delivered at the time of the 9 December 1979 antimissile demonstration in Brussels. I said:

"Let our demonstration be a warning to the superpowers. Moscow must also know that we shall not let ourselves be deceived, that we have had enough of its exaggerated military efforts. If the West gives up new nuclear weapons, they (the Soviets, naturally), must scrap their new SS 20 rockets. We expect the East and the West to make very concrete gestures very soon."

On another occasion, in LE SOIR's free tribune I wrote: "The Belgian socialists' struggle includes the modernization of Soviet weapons as well as the introduction of new NATO missiles." In that same article, dated 28 February 1980, I said, in response to a French communist leader who had written in the same LE SOIR tribune: "(He) is forgetting to mention that the great December 1979 demonstration in Brussels, which he gives as an example, was directed against the Soviet SS's as well as against the American Cruise and Pershing II missiles."

Furthermore, your reporter and General Close made the same mistake as Marchais! For reasons totally different from those of Marchais, General Close and your reporter preferred "to forget" that aspect of the demonstration.

Constantly trying to aline my views with those of the "friends of Moscow" is indeed proof that you were totally lacking in objectivity.

I would further add that I was one of the first to refuse the invitation extended to me to attend the Olympic Games in Moscow as a result of the events in Afghanistan. As president of the SP, I pleaded, at a meeting of the Socialist International in Oslo in June, for an even stronger condemnation of the Soviet action in Afghanistan. Is that the reaction of an agent of the East?

Because I joined with Jiri Pelikan, the Czech dissident in exile, in giving a press conference to support the members of Charter 77 and denounce the Prague trials, Czech radio called me an "anticommunist plotter."

Fortunately, they did not paraphrase you and call me an agent of the CIA!

In the free tribune of LE SOIR, I also wrote: "With all due deference to those in the East and the West who take an unconditional position — they have already begun the psychological war with accusations, insinuations and diatribes -- for our part, we are too aware that there is no alternative to the policy of detente except collective planetary suicide."

This is what the president of the SP told us.

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CSO: 3100

BRUSSELS' SENATOR LALLEMAND WARNS AGAINST PARTITIONING CITY

Brussels KNACK in Dutch 24 Dec 80 pp 26-29

[Article by J.S.: "PS Senator Roger Lallemand: Darkest Hours for Community Yet To Come"]

[Text] According to Mr Lallemand, senator from Brussels, a state reform built around three units is the necessary condition for the future coexistence of the Belgians. Furthermore, Brussels must function as a point of contact in the center of the country. This cannot be achieved with two units, only with three. If we continue to favor the communities to the detriment of regional organization, Brussels will inevitably tumble into the Walloon camp, after which the country would become ungovernable.

This represents for him the preface to any negotiation on constitutional revision. Mr Lallemand -- who came from his native P. wuy, via the ULB [Free University of Brussels], to join the Brussels bar and politics -- recently became well known as the attorney for his unjustly imprisoned colleague Michel Graindorge. He is not one of the top ranking senators in the Brussels federation of the Socialist Party [PS], but he enjoys the authority of his legal and constitutional knowledge. He was the French speaking co-chairman of the Commission for the Coexistence of the Communities, which was in existence during the Martens I administration and which could only list irreconcilable points in its report.

According to Mr Lallemand, up to now the Brussels regionalization has managed only to be a tale of woe, because time and again regionalization lost out in the obstacle course to /communitarization/ [in italics], the formation of communities. The first assessment to suggest itself is the progressive deterioration of political agreements. What the parties agree on cannot withstand the pressure from outside. Egmont had promised rights to the French speakers which were already bent, however, at Stuyvenberg. The Stuyvenberg round in itself was already the result of external pressure on the parties.

When the registration right was declared to be moribund there, this was in fact a bending of the whole philosophy of the special language facilities. From being a political right, they were degraded to a method of transition toward cultural homogeneity of the region, in the light of the community idea. What we experienced afterwards in Comines was, according to Lallemand, a Walloon echo of the Flemish attitude at Stuyvenberg. If the region must be culturally and linguistically homogeneous, then the Flemish are also being denied their right to special facilities. This leads to near racist bottlenecks.

Moreover, it must be noted that the negotiable package keeps on shrivelling. It is becoming increasingly hard to talk about some problems which until very recently were open subjects. Ten or 15 years ago, some Flemish people still proposed a Brussels region on the scale of the district, in which there would then at least have been 35 percent Flemish people as a basis for parity, or even wider in the framework of the province, in which there really was a parity-based relationship, but this is no longer even mentioned.

Entropy

The terms of the problem have changed. The solution has become totally rigid because those terms in themselves are being interpreted in varying ways. In Lallemand's analysis, the reforms seem to be developing in a direction which leads to a dead end. He sees */entropy/* [in italics] in the development of the asymmetry between North and South, whereby regionalization with three units is degenerating into federalism with two units. It is not proper that the Flemish representatives for Brussels have now been given jurisdiction over the Flemish region. The Council of State has had to rear up in order to deny them at least the right to vote in this respect, but that does not prevent Lindemans and others from being present in a consultative capacity when arrangements are being made for the Flemish region, from being included in the quorum and from maintaining their right of initiative. Nothing would prevent Lindemans, for example, from introducing a housing bill for the Flanders before the Flemish Council.

This is so because the Flemish side has consciously pushed the region into the community. In this sense, the communities have already appropriated too many authorities within the Brussels region: clinics, youth care, sports, etcetera. This communitarization is in the process of tearing the Brussels fabric apart. Without anyone being willing to admit it, sub-nationality is being established. Wherever government services or goods are being divided, people will inevitably be asked for their papers and sent on to the authorities of the other language. Now, it is rather obvious that everything that separates the Flemish and the Walloons is a misfortune. And yet, this is precisely what is being organized in Brussels, so that we will never get out of it. And worse: Brussels is being pushed into the arms of the Walloon community.

All of this came about because the Walloons and the Flemish proceed from quite different concepts of regionalization. Like Mr Lallemand, most French speakers work within the conception of the classic federal type. They strive for the organization of a decentralized, local and regional power, which unites all its citizens within a common political and administrative project. However, the Flemish are proceeding from a nationalistic, romantic corner. Regionalization has provided them the opportunity to regroup and re-establish the Flemish people. Now, the */Flemish people/* [in italics] is by nature a fact which transcends the region. But, because for the Flemish regionalization cannot under any circumstances turn into a division among Flemish people, they prefer to make that division within and through the Brussels region.

This is why we have never yet found an answer to the question of representation for the Flemish */minority/* [in italics] in Brussels. First of all, this term cannot even be used in the Flemish way, or else it will produce the kind of confused thinking engaged in by Leo Tindemans at Easter as an excuse to overthrow the Martens II administration. A minority is a */quantitative/* [in italics] concept: that is to

say those of which there are fewer in numbers than the others. But the majority of Flemish politicians do not want to work with this description, because, based on their community concept, they paid the 13.5 percent Flemish speakers in Brussels with a /qualitative/ [in italics] content.

In terms of community, there are two in Belgium. The Flemish is the most important one; the Walloon the less important one. Thus they must govern within Brussels on a parity basis, and that is that. As far as the Flemish are concerned, their representation in Brussels should be equal in quality to that of Luxemburg in the United Nations, or of Belgium in the EC. The Flemish in Brussels then no longer participate in politics on the basis of their capacity as /citizens/ [in italics] of their region, but because of their quality within the nation. This is the very negation of the homogeneity of that region.

Generally speaking, the Flemish are too little aware of how much a region organized in this fashion is abhorred by Latin people who, since the time of the Roman Empire, have been educated with respect for legalities. Furthermore, day by day the majority of Flemish opinion confuses the question of managerial parity in the capital with the question of the living conditions of the individual Flemish there, even though this is a completely different dimension. It is alarming that the whole polemic in the Flemish newspapers is being steadily conducted from the point of view of the Flemish community as a whole, seldom from the point of view of Brussels realities.

Paradox

The problem of Brussels does not lie in the fact that there are Flemish people there but that there are not enough of them to establish parity with them in a reasonable and democratic manner. The French speakers are not interested in /refusing/ [in italics] the Flemish their parity, but in /organizing/ [in italics] it. On the Flemish side, there is no longer any sympathy for proposals to expand the area of the region in order to find the missing number of Flemish. This is rejected even without adjustment of the language laws. It would appear to be an attack on the Flemish principle of the territorial nation.

In this manner it is not even the French speakers, but the Flemish politicians themselves who continue to raise the issue of the French speaking minorities in the suburban area of the capital. Because when one assumes that favors for the Flemish /minority/ [in italics] in Brussels must be coupled with guarantees for those people in the suburbs, this means that the Flemish population group within the 19 municipalities cannot be reduced to its size, but that a French speaking group in the suburbs is indeed a /minority/ [in italics], even if it is politically in the /majority/ [in italics] in some municipal governments. Because the Flemish community has unalterably decided that, even if that group is growing, it is formally dying out. This is, to say the least, a Flemish paradox.

Mr Lallemand does not accept the expansion of the community aspect, this has now become the Belgian danger par excellence. He refers to his colleague from Liege, Rene Swennen, who -- in his "Requiem pour la Belgique" -- raised the idea that Belgium has been able to exist up to now only thanks to the relative lack of nationalistic components in the mind of its inhabitants. Belgium was the country of non-nationality, and this negative concept was felt to be a positive good. We were free of the nationalist reflex, which elsewhere -- in France, for example -- was often

seen as an intellectual and artistic taint. Culturally speaking, our communities were oriented toward centers in the neighboring countries; we felt happily exiled in our own country. This was, of course, brought to an end by the strong rise of Flemish nationalism. Lallemand recognizes the legitimacy of the Flemish movement; he knows where we came from; but yet, it is the Flemish movement which put Belgium in danger. The Flemish wanted to rebuild their nation via the constitutional revision, but as a result the whole game went wrong because of the Brussels terms.

Mr Lallemand talked to us in his own name, but with the certainty that many of the other members of his federation share his feelings. If, like him, you advocate the unification of the Belgian communities, of brotherhood and cooperation, then the only suitable recipient left for this is a real Brussels region. The Flemish and Walloons can find each other there only in a common, local and decentralized project. This is why Lallemand is equally opposed to a Brussels region which, as is the case now with the status quo, is completely dependent on the central government, and to a region which would be bloodlessly divided among the two communities. It is not even a paradox that the majority of the Flamings and part of the FDF [Democratic Front of Brussels French Speakers] are joined together these days in this latter pursuit.

As far as the Flamings are concerned, they are proceeding from the community idea. They are convinced that they will be able to subdue Brussels with the power and weight of Antwerp, Tirlmont and Louvain. The FDF option is no less detrimental to Brussels; they proceed from a short term tactical calculation. Because, according to them, if Brussels matters were indeed to be subdivided among the two communities, then no Flemish supremacy could prevent this basically French speaking city -- whether the Flemish stand on their head or not -- from moving toward Wallonia. If the /community/ [in italics] pressure on Brussels is increased, then the capital will become /Walloon/ [in italics]. Consequently, a few members of the FDF are consistently working on this and are greedily drawing the point nearer when Brussels will be compelled to make a choice in favor of one community or the other.

Fouronization

When it comes to voting in parliament, those FDF members -- who are more and more amalgamating with the RW [Walloon Rally] -- can virtually always count on the votes of the Flemish. Alas, the moment of understanding does not yet seem to have dawned on the Flemish politicians from Brussels, that to stress community formation does not serve the interests of their people. Examples? FDF Senator Lagasse has proposed to shift the legislation concerning names and Christian names from the central government to the communities. Lagasse is an excellent lawyer who knows what he is striving for with this. He is not interested in those names, but in attacking the principle in the state reform that our civil rights should remain a national matter. The same attitude prevails with FDF Representative Persoons: he proposes to shift the question of amnesty to the communities. There are Flemish people who applaud without realizing that, by helping to create ever more community reflexes, in favor of more authority for the communities, they are in the process of pushing the whole capital region inevitably in the direction of the French speaking community.

If we do not succeed in establishing a national interest, which would be the sum of the interests of the regions instead of the result of the meeting of the communities, then -- according to Mr Lallemand -- Belgium will already have gone to the dogs and the /fouronization/ [in italics] of Brussels will be at hand. The darkest hours

for the community have yet to come then. These days, Mr Lallemand is experiencing a textbook example of this threat in his own work circle. In the palace of justice in Brussels, Flemish and French speaking lawyers intermingle, they often plead in the same cases before the same judges, and subject themselves to the discipline of their common bar. Nobody remembers the Flemish and French speaking lawyers ever having come into specific conflict, and yet the Flemish are now demanding the establishment of their own separate bar. It cannot be denied that the existing bar is dominated by the French speaking colleagues, due to their numerical majority. It may be less a question for the Flemish of not feeling at home there, than that, from the point of view of the national preponderance of their community, they feel that they are not sufficiently represented in the legal bodies.

Mr Lallemand readily admits that the French speaking lawyers cannot be absolved of egotism. Yet, he would find it an enormous failure in the organization of our intercommunity relations if the Brussels bar were to be split up presently. What is alarming and relatively new is the fact that the Flemish, who in the past had generally undertaken the mediation between the two communities by knowing the other language too, are no longer willing to do this in such great numbers. Of course, it could not continue to come from one side forever, but it is an ominous sign of the disintegration of the national Belgian ties. Increasing numbers of Flemish youth no longer want to play the role which has made Belgium possible up to now.

In Brussels, the Flemish and Walloons have up to now, from a social and urban point of view, resided and lived among each other. Brussels is not a Montreal or a Nicosia; it would not be possible to build a Berlin wall through Brussels. Even if you generalize, emphasize and extend the community aspect through all issues, you would not necessarily escape */fouronisation/* [in italics] because you would be cutting into the most intimate fibers of the city. Alas, there is no better way to hollow out the last piece of common ground from under the feet of the Flemish and the Walloons, with rather predictable consequences for the last remnants of the united Belgian state.

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CSO: 3105

ALEKOS MIKHAILIDIS ATTACKS PRESIDENT

Nicosia THE CYPRUS WEEKLY in English 30 Jan-5 Feb 81 p 3

[Text]

Mr Alekos Michaelides, President of the House of Representatives, launched a bitter attack on President Kyprianou's government when he spoke at a gathering of his newly formed party, the New Democracy Front (Nedipa).

He charged that the government lacked strategy and tactics concerning future moves on the Cyprus problem.

Mr Michaelides, who was speaking after being elected first chairman of the party, did not mention President Kyprianou by name. But it was obvious that his criticism was directed against him.

'Pompous'

He said: The bitter truth is that instead of doing concrete things concerning our struggle, we concern ourselves more with the creation of impressions at home with grandiose declarations and pompous ceremonies. We repeat the same things over and over again — things that no longer inspire our people at home or convince the world abroad.

Mr Michaelides claimed that the government gave the impression of acting in an unprepared, unplanned and

haphazard way.

We speak in vague terms and take the least of action, he said.

Pressure

But Mr Michaelides himself offered nothing dramatically new in order to overcome the present deadlock. His main theme was that there was need for unity and good planning, and coordinated efforts so that pressure could be exerted on Turkey which, he said, was not interested in a Cyprus settlement.

The House President said support from the non-aligned and socialist countries should not be underestimated. But effective pressure on Turkey could come only from those countries on which Turkey relied both militarily and financially, and these were the Western world, especially the United States and Western Europe.

Quite apart from any disappointment about the attitude of some of these countries, we must consider how to persuade them to undertake the necessary initiatives, he said.

He believed that Greece's full membership of the EEC offered Cyprus better possibilities to advance its cause in the area of Western Europe.

The gathering elected a 120-member council to act as the supreme body until the party's first congress on April 12. A party statement said 1,700 delegates attended the gathering, held at the Athinon cinema in Nicosia.

A campaign was launched to raise funds amounting to £75,000 to meet expenses in view of the coming elections provisionally scheduled for next May.

FINANCE MINISTER 'OVER-CONSUMPTION MUST BE STOPPED'

Nicosia THE CYPRUS WEEKLY in English 30 Jan-5 Feb 81 p 28

[Text]

Cypriots cannot go on living beyond their means, Finance Minister Afxentiou warned yesterday, and hinted that the government is to take more action to curb consumption.

In a Budget address to the House of Representatives he said that in the last few years Cyprus has been living beyond its potential as the people strove to improve their living standards.

"Tremendous progress has been made in this field. But we cannot continue to live beyond our means, particularly under the conditions of the economic depression affecting practically the whole world", he said.

Growth

He stressed that Cyprus was facing "serious problems". Yet the picture emerging should not be considered disappointing, "since in contrast to many countries in the world, we expect a positive rate of growth for 1981".

Mr Afxentiou said it was necessary for Cyprus to invest more in new machinery and equipment for the modernisation of plants and factories in order to raise productivity.

"At the same time, it is imperative to increase savings, limit consumer expenditure on luxury items and services, and to switch to locally produced goods", he said.

Oil prices

In a warning about the soaring oil prices, the Finance Minister told the House: "It is necessary to save fuel and energy and for the public to realise that we will be living with the energy crisis for many years. Its effects will always be more painful for non oil-producing developing countries such as Cyprus".

Mr Afxentiou spoke about "destabilisation tendencies in the Cyprus economy, despite continued progress in 1980. He referred to a high inflation rate, slackening investment activity in productive sectors, high consumption expenditure, and a widening balance of payments deficit.

Exports

He said balance of payments prospects for 1981 were not encouraging due to the international economic and energy crises and the loss of competitiveness of Cypriot exports.

He said special care would be taken to maintain the value of the Cyprus pound.

Mr Afxentiou announced that the government had already prepared a series of measures to re-establish economic stability, but he did not divulge any details.

He hinted, however, that the bank credit squeeze will continue and will become "even more selective" in 1981. The aim was to curb local demand, and ease inflationary pressures and pressures on the balance of payments.

If necessary, new credit measures will be pushed through, he said.

He reaffirmed that the government wants to raise interest rates, and disclosed that one of the aims is to encourage long-term deposits with a view to channelling them to investments.

Mr Afxentiou said "sufficient progress" had been achieved in the negotiations to reach a voluntary price and incomes policy — which was "essential" in the fight against inflation. Agreement had been reached on many points, and he hoped soon to be in a position to announce "good news" on this matter.

Employment

He called on everyone to show "restraint and limitation of demands".

Mr Atxenliou said the government would do everything possible to maintain a satisfactory rate of economic growth and secure conditions of full employment. He stressed that unemployment was plaguing many countries.

"The measures to be adopted will be selective and will aim at these objectives", he said without elaborating.

In a concluding remark, he appealed to MP's not to exploit the economic problems facing the island during the forth-coming parliamentary elections.

'Dynamism'

He said "The Cyprus economy has sound foundations, flexible and efficient entrepreneurs and manpower, and, what is more important, the stamina and dynamism of the refugees. I firmly believe that with determination and adjustability and the sense of responsibility which characterises our people, we shall manage to overcome this obstacle too. For this reason I am optimistic about the future".

The House debate on the two Budgets will start on February 17 and continue for three days.

MORE ALGERIAN OIL PROMISED CYPRUS

Nicosia THE CYPRUS WEEKLY in English 30 Jan-5 Feb 81 p 28

[Text]

Algeria has promised to increase oil supplies to Cyprus, which have been seriously affected by the Iran-Iraq war.

The promise was given by President Benjedid Chadli to President Kyprianou during a meeting at the VIP lounge at Larnaca International Airport yesterday. The Algerian leader made a stop-over in Cyprus in the afternoon while on his way home from the Islamic summit in Taif, Saudi Arabia.

An official statement said Mr Kyprianou thanked Mr Chadli for the oil supplies to the island "and the Algerian President promised to do all he can in order to supply Cyprus with increased quantities."

Exports

The two men also discussed trade relations and in particular the possibility of increased Cyprus exports to Algeria.

"We belong to the same family of the non-aligned countries and Algeria is ready to help Cyprus in any way", the Algerian leader was quoted as telling Kyprianou.

The two Presidents pledged to increase contacts and cooperation and it was agreed that the Algerian Foreign Minister Mr Mohamed

Benyahia who was with President Chadli, would visit Cyprus soon.

Support

President Kyprianou expressed thanks and gratitude for Algeria's support. "Algeria's stand on Cyprus is quite well-known. Also well-known is Cyprus' stand in the cause of the Arabs" he said.

He also congratulated President Chadli on Algeria's successful mediation in the American hostage crisis.

MINIMUM WAGE SET FOR NON-UNION EMPLOYEES; AUSTERITY MEASURES MUST BE ENCOURAGED

Nicosia THE CYPRUS WEEKLY in English 30 Jan-5 Feb 81 p 8

[Text]

The government has issued an order fixing minimum wages for people employed as clerks or salesmen in the private sector who do not belong to any union.

According to the Director-General of the Labour Ministry Mr Mikis Sparsis, the decree provides that these people should be paid a minimum of £55 and £61 a month respectively, after six-months' service.

He said the Council of Ministers acted following a unanimous recommendation by the island's unions and the employers' federation.

Assistance

Mr Sparsis, who was speaking at a Rotary Club meeting in Paphos about state help to displaced or needy people and measures to protect lower paid employees, said assistance to refugees ranged from £15 600 to £95 850 a month, depending on the size of each family.

In addition, the refugee families were provided with accommodation or rent allowance ranging from £7 500 to £33 750 a month.

Public assistance ranging from about £14 to £73 a month, was also provided under the law to needy persons even if not refugees.

Opposition

Mr Sparsis said introduction of this provision was made despite strong opposition from various quarters who maintained that once a citizen acquired the legal right to claim state subsidy he would give up his effort to seek employment and would rather seek to remain permanently idle.

He said such criticism and fears had proved groundless and excessive, and it was to the credit of the government and the House which proceeded to adopt the measure.

The facts and figures proved how correct the government decision had been. Mr Sparsis said that in 1975 the state paid over £10 m. in allowances to refugees and needy people. Gradually the amount dropped and last year such subsistence allowance was down to £1 5 m.

Employment

What is more important, unemployment declined from 75,000 in 1975 to 4,000

in 1980, a level which virtually amounts to conditions of full employment. Mr Sparsis told the gathering.

He made it clear that the level of minimum wages fixed by the government and the allowances paid to needy people could not be considered satisfactory, but were the best possible under the present circumstances.

He ended by pointing out that the government still had to tackle one remaining class of people — the unskilled workers who have many children and who are unable to cope with their economic problems and have to rely on borrowing or assistance from relatives and charity.

Progress

He revealed that the Ministry of Labour is considering the introduction of a scheme to help these people, based on legislation in other advanced countries.

'Only when we cover this gap shall we be able to pride ourselves on making important progress towards achieving social justice — which should be the primary target of every civilised country', Mr Sparsis added.

PROFILE ON LABOR LEADER PUBLISHED

Nicosia CYPRUS MAIL in English 13 Jan 81 p 2

[Text] Michael Ioannou has spent his entire adult life with the SEK trade union federation. That means--in spite of the fact that he is only 46--that he has seen great chances in the lot of Cypriot working people, and consequently in the role of the unions. [as published] What has not changed is the latter's moderate and intelligent outlook, a characteristic embodied in Ioannou himself.

The ethos of the SEK federation, says Ioannou, is social democratic. (SEK used also to have strong ties with the Church, but these have lapsed since independence). As to the meaning of "social democratic" in this context, the assumption that it refers to a liberal form of Marxist-conditioned socialism, as in Western Europe, is almost certainly inaccurate.

In practice, SEK members can be found representing all sectors of the political spectrum, excluding conventional Marxists, and the resulting equilibrium pivots about the centre of politics. If it be objected that latitudinarian liberalism is not the same thing as social democracy, let it be said that Alecos Michaelides' party, offering itself to the voters as a right of centre, party, owes many of its political ideas to the Social Democratic Party of West Germany.

The centre is popular, active and varied in Cyprus, and it is hardly surprising that an effective centrist trade union federation such as SEK should achieve a mass following. Ioannou claims that the figures issued by PEO, according to which the Communist union has 52,000 members to SEK's 36,000 do not give the true picture, as the PEO figure includes many thousands of refugees who have not paid their dues since the invasion.

Whatever the rights and wrongs of the dispute over membership of the two federations, it is clear that SEK, as a centrist trade union body, holds an unusual position in the European labour world.

Ioannou's association with SEK can be traced back into his childhood. Born in Palekhori, near Agros in 1934, he grew up in a family all of whose members belonged to the union. His father and mother both worked at the asbestos mines in Troodos. It was a family of ten children, and life was hard.

After attending elementary school in Palekhori, Michael Ioannou was sent to the Samuel commercial school in Nicosia, then, two years later, to the Pancyprian Commercial Lyceum. It was cheaper than the Pancyprian Gymnasium, and in any case

his father calculated that the commercial training offered by the Lyceum was a better guarantee of security in later life than the education provided by the Gymnasium.

The practical, businesslike atmosphere of the Lyceum suited the young student, who found he was good at such subjects as mathematics and accountancy. He was already a SEK activist while at school. Public affairs claimed a good deal of his leisure time, and he was active in ecclesiastical and municipal elections, in the second of which he supported the Pancyprrian National party.

As a student he looked forward to a career in commerce. When he graduated he did indeed take a series of jobs in business--as a bookkeeper in a night club, a salesman with a pharmaceuticals firm, and as a clerk in an architect's office--but they did not last long. At the age of 21 he joined SEK as a full-time official. Oddly enough, he had neglected SEK since leaving school.

He returned to Troodos and became the SEK organiser in the asbestos mines. He handled the men's grievances and supervised the application of the collective agreement with the company. He also looked after the union's bookkeeping.

Although the young man represented SEK for only a few months at Troodos, they marked him for future years.

The EOKA struggle started as he took the job. SEK strongly supported it. Akel and the PEO allies opposed it, but later in 1955 reached agreement on holding joint demonstrations in favour of enosis.

Ioannou shared the views of his SEK colleagues on enosis, and was arrested for his political activities within a few months. He was soon released, but it served as a warning. When he was posted to Nicosia in June 1955, however, he virtually disappeared from sight for the British authorities, as he was living under a different name.

The new job that awaited him in Nicosia was again that of an organiser, but this time one in charge of several industries. In spite of his youth, he rapidly advanced to the position of coordinator of union organisers in Nicosia, and then (in January 1958) he was elected Secretary of the SEK Labour Centre (branch office in Nicosia).

When Cyprus achieved her independence in 1960, SEK was radically reorganised. Over the next two years the number of member unions was reduced to a third, and the number of constituent union federations was reduced to 7. In 1962 Ioannou was elected General Secretary of one of the new, more power-constituent federations, that of the construction workers.

Unemployment was a grave problem at the time. Wages in the construction industry were low, and there were no fringe benefits. Ioannou tried to safeguard the workers' vacation rights. In 1962 they were entitled to just four days' holiday (this has since been increased to 15 days). In 1968 he secured the gradual introduction of the 5-day, 40 hour week, a process which was to take until 1978 to complete.

In 1970 a provident fund was established for the construction industry by the employers, SEK and PEO. The following years saw the introduction of the 13th month's salary and full pay for public holidays taken as rest days.

Such were Ioannou's achievements for the building workers. Their secure and prosperous situation today, he says, could not have been imagined when he took over as their General Secretary in 1962.

In 1973, with his record at the construction workers' federation apparent to all, he was elected General Secretary of SEK. He at once found himself in the mainstream of political life. The following year saw him faced with difficult and unpleasant decisions in the wake of the coup and the Turkish invasion.

He backed Glafcos Clerides when he resumed his powers as Acting President on the collapse of the coupist government. Later he resumed close relations with Archbishop Makarios. He led SEK in accepting a cut of up to 30% in wages and benefits to help make the post-invasion economy workable. He under the aegis of the International Confederation of Free Trade Unions began negotiations with the Turkish trade unions on cooperation. This concerned particularly the abortive scheme for the reactivation of factories in the no man's land along the ceasefire line, using both Greek and Turkish Cypriot labour.

To this day Ioannou has led SEK in a policy of flexibility towards the north, while insisting on the return of Greek Cypriots to their jobs in the occupied area. Meanwhile SEK has long since returned to bargaining from a position of strength on social and economic issues. Ioannou says the most important social issue from the point of view of organised labour is housing. The government, he says, is moving very slowly. The new Housing Finance Agency will only solve part of the problem.

Ioannou would also like to see the question of the national health scheme tackled with urgency. However, he insists that taxation is too heavy, and that the government is trying to overcome inflation by reducing the purchasing power of the people. SEK wants to see inflation combated by imposing stricter control of prices, eliminating tax evasion, controlling imports of luxury goods, and holding down company profits. It wants to see the government tighten its belt first. And it wants to see a vigorous programme of energy conservation applied.

However, Ioannou thinks the current dangers to the Cyprus economy have passed their peak, and that the threat of unemployment has been exaggerated. But the sky has clouded over for the construction industry. It would be unnatural if he did not pay special attention to the industry whose workers' interests he served to such effect for eleven years. Meanwhile he must be thinking of asserting his popularity on a wider front. He will up for reelection as General Secretary of SEK in March 1981.

CSO: 4920

NEW BOOK REVEALS MORE DETAILS OF KARJALAINEN-UKK DUEL

Helsinki HUFVUDSTADSBLADET in Sweden 3 Jan 81 p 8

[Text] The relations between Ahti Karjalainen, former head of the Bank of Finland, and President Urho Kekkonen are the subject of a thorough analysis under the heading of "Information From the Top" by chief editor Mikko Pohtola in the latest number of SUOMEN KUVALEHTI. According to the argument there, Karjalainen for various reasons is always "in disgrace" at Ekudden. Karjalainen himself denied that at a press conference yesterday.

"Nonsense from beginning to end," Karjalainen told ILTA-SANOMAT, and insisted that the whole argument in Pohtola's article was without foundation.

"The assertions about my and President Urho Kekkonen's day to day relations will not hold water. We both take care of our own jobs and meet when we need to meet," he said.

Karjalainen concedes, however, that there have been "little cracks" in his relations with the president. But at this point relations have been in good order "for a long time."

Editor in chief Pohtola says in his article that Ahti Karjalainen is *de facto* the Center Party's "hidden" presidential candidate for the future and that he also has support in Conservative Party quarters.

According to Pohtola it is "common knowledge" that relations between Kekkonen and Karjalainen are not good. There is talk of a sort of "balance of coolness," the causes of which have not hitherto been closely analyzed in public.

Neutrality Toned Down

Pohtola now gives these causes in chronological order. According to Pohtola's interpretation the very good relations that had existed between Kekkonen and Karjalainen ever since the beginning of the 1950's began to cool off in the late 1960's. The break, he says, came at the beginning of the 1970's following a couple of visits that the two made in turn to the Soviet Union. Both times the question of Finland's policy of neutrality was up for discussion.

At the time of Kekkonen's state visit in Moscow in 1970 it became apparent that the Soviet leaders were no longer willing to recognize Finland as a neutral country. Kekkonen, however, did not give in, and saw to it that a statement about

Finland's peace-oriented neutrality policy was included in the official communiqué after the visit--just as in earlier communiqués.

In 1971 Ahti Karjalainen visited the Soviet Union as prime minister of Finland. In the communiqué following that visit the wordings had changed. It was now stated that the main line of Finland's foreign policy is based on the VSB [Security-Friendship Treaty] treaty, and that it includes an endeavor to realize a peace-oriented neutrality policy. The VSB treaty had thus been placed ahead of the policy of neutrality.

The whole thing was interpreted as meaning that Karjalainen had "gone around" Kekkonen to the left. Karjalainen was met with great good will in Moscow, and according to Pohtola he began to prepare for his candidacy at the next presidential election. But it turned out that Kekkonen was willing to continue as president, and Karjalainen rapidly turned about and was the first to propose that the incumbent president's term be lengthened by a special law.

"Open Break in 1975"

According to Pohtola an open break between Karjalainen and Kekkonen occurred later, in 1975. Karjalainen was minister of foreign affairs and made the preparations for the European security conference that was to meet in Helsinki. Then the president decided to dissolve the Riksdag and call for new elections. A caretaker government came in with Olavi J. Mattila as minister of foreign affairs. At first, according to Pohtola, Karjalainen resigned himself to that. After another visit to Moscow--he was there to make a speech on peace--he made it known that President Nikolay Podgornyy had expressed himself against the dissolution of the Riksdag in Finland. That was supposed to have been done for the reason that it was important to give an impression externally of Finnish domestic political stability during the ESSK [European security conference] meeting.

Kekkonen reacted by publishing a statement in which he said that Finland's internal political situation in no way interfered with the security conference's being convened at the desired time. This was followed by a certain cautious dispute between Karjalainen and Kekkonen in SUOMEN KUVALEHTI. After that it began to be said that Kekkonen would never again appoint Karjalainen as minister of foreign affairs or minister of foreign trade. And the fact is, Pohtola points out, that Karjalainen has never been a cabinet minister since then.

That Karjalainen, in spite of everything, went along on President Kekkonen's most recent official visit to the Soviet Union in November was due simply, according to Pohtola, to the fact that Karjalainen has managed to hold on to the post of chairman of the Finno-Soviet Economic Cooperation Commission. And Pohtola suggests in closing that even that trip was "a rebuff" to Karjalainen for reasons that have to do with certain personal problems of the former head of the Bank of Finland.

Karjalainen's comment on all this is thus a flat denial. He insists that relations with Ekudden have long been in good order after small differences earlier.

SUOMEN KUVALEHTI, for its part, is known for serious efforts in the matter of political reportage. Earlier, President Urho Kekkonen himself contributed to that very paper under the pseudonym "Liimatainen."

8815

CSO: 3109

OFFICIAL'S BACKGROUND VERSUS PARTY GOALS SEEN AS PCF'S PARADOX

Paris LE MATIN MAGAZINE in French 17-18 Jan 81 pp 15-17

[Article by Guy Konopnicki: "PCF: The Officials' Caste"]

[Text] One Frenchman out of five votes communist, whereas the PCF is present in our daily life through radio, television, municipal administration, and so on. But who really knows the PCF? It has just announced that it has 709,000 members, but who could ever verify the accuracy of the figure? The PCF remains a mystery. Furthermore, it does not want to be "a party like all others." Guy Konopnicki, former member and former communist leader -- he was a national leader of the Union of Communist Students (UEC) -- was in a particularly good position to open the doors of the party, decipher its language, analyze its shifts and describe its bureaucracy and internal struggles. We are publishing in advance a number of pages from "Le PCF or la Momie de Lenine"¹ (The PCF or Lenin's Mummy) devoted to the power within the party -- that is, the role of officials. The latter constitute a veritable caste. Georges Marchais admits as much in "L'Espoir au Present" (Hope in the Present), in which he writes that "one cannot gain access to responsibilities of any importance "without being an official."

What do the officials do? Who are they? Much has been said about this profession but no one has taken the time to make a distinction between the different categories or to examine its exact role. If one leaves aside the trade union apparatus, one can classify communist officials in three categories: political, technical and "camouflaged" officials.

The existence of the first category is denied by no one. During a television broadcast in 1974, Georges Marchais was content to rig the figures, taking that of 550, undoubtedly borrowed from the Communist Party of San Marin....

Political officials are present at all levels. The important sections of the Parisian region all have (at least) one, who is generally the section secretary. Consequently, members cannot change the leadership without choosing between the two terms of an alternative: increasing the ranks of unemployed or asking the higher echelons of the party to "reclassify the comrade."

¹ Ed. Garnier, "Le Besoin de Connaitre" collection.



[Above] Jean-Francois Gau, Georges Marchais' secretary. A PCF pro.

The same phenomenon can be observed in strongly communist regions such as Bouches-du-Rhone, the suburbs of Lyon, Nord, Pas-de-Calais, Picardie, Seine-Maritime, the Lorraine iron and steel basin, and so on, and certain districts in large cities such as Paris and Marseille. From the rank and file, this provides a substantial number of "pros."

In municipalities with communist leaders, since legal compensation is not enough for all officials in municipal government, the party must also provide the salaries for part of the assistants, even that of the mayor in small communes where the salary is paltry. Members of general and regional councils, deputies, senators and European deputies are all officials.

At this point, we are already far from the 550 announced in 1974. In every departmental federation, from 1 to 20 professionals provide party leadership, with their number varying depending on the size of the department and the PC membership. Finally, the Central Committee employs a substantial number of workers distributed over various sectors, all under the leadership of a member of the Political Bureau or the Central Committee: organization, elected officials and municipalities, treasurership and supervision of PC enterprises, propaganda, press bureau, women, immigrants, intellectuals, youth, foreign policy, farmers, training of cadres,

promotion of cadres, liaison with federations, administrative secretariat, general secretariat, and so on.

Nor is that everything: To the category of political officials must be added the officials of party publishing houses (Editions Sociales), national newspapers (L'HUMANITE, LA TERRE, REVOLUTION, LES CAHIERS DU COMMUNISME), the Marxist Research Institute, regional newspapers (LA MARSEILLAISE, L'ECHO DU CENTRE, LIBERTE), and the officials of departmental weeklies sold with L'HUMANITE-DIMANCHE. Then there are some 30 Communist Youth movement officials.

The communist press journalists form a separate category. In principle, the leadership considers them as political officials, while obviously, most communist journalists would prefer to be considered as full professionals.

The technical apparatus is colossal, difficult to measure because the Communist Party denies part of its existence. There are the enterprises officially belonging to the party: the Poissoniere printing houses and the PPI [expansion unknown], as well as numerous small offset printers (many federations have their own printing house) and the printing houses in Lille, Marseille and Limoges, SERP, a press routing company, the Central Publicity Agency, which handles the publicity of the communist press, the Editions Vaillant, the Editions J (MIROIR SPRINT), the Editions Sociales, the Editeurs Francais Reunis, Farandole, Courtille, the Diderot Book Club and the Librairies la Renaissance chain.

In addition to these enterprises, which are officially dependent on the PC but which often show a deficit, there is the vague world of enterprises whose task it is to provide the PC with its lifeblood: money. Marchais gave the figure of 550 officials, but at this point, the number would be insufficient even if one added a zero. Among the technical officials, one must obviously count the technical personnel of party organizations, which naturally employ secretaries, typists, accountants, research workers and even chauffeurs and bodyguards.

To this already impressive list one must add the camouflaged officials: municipal employees whose fate is linked to the political hue of the mayor. However, this category is found in all French political parties. One may also count the communist personnel in the trade union, mutual benefit and cultural movement, and the total will include a very long list of men playing a double role: Their material interests are linked to the party and they have more time than other members to perform their party tasks.

The Communist Party is therefore a vast administration with its mysteries and conflicts. It is a career ground. Legend would have it that all the cadres are former workers who came to assume the most diverse responsibilities because of their militant devotion. If this were the case, French industry would be singularly lacking in millwrights, boilermakers and fitters. Most officials have worked in industrial production very little, very little if at all.

In drawing up the list of party leaders, one quickly destroys the myth of a leadership in which "the workers are the majority." Georges Marchais is nearly the only one who can boast of having actually been a worker, which only partially helps him. Railroad official Roland Leroy has never touched the controls of a locomotive. His only contact with the SNCF [French National Railroads] was an act, albeit a

meritorious one: the occupation at the time of the Liberation of a railway junction with a group of FTP [expansion unknown]. His assistant at L'HUMANITE is boilermaker Francois Hilsum. What a strange fate for the son of Rene Hilsum, who was the publisher of the surrealists, to become a boilermaker! In a family which has among its members a lawyer and a bank director, he is a real Soviet! Actually, Francois Hilsum, initially a decorator by trade, was already an official when he decided it would be a good idea to be a worker for a time.

Others did not take the trouble. At the age of 22, Georges Gosnat was the administrator of a PC enterprise, France Navigation, and interrupted his career as an official only when forced to do so by the mobilization in 1939 and then the stalag.

Employee Pierre Zarka, member of the Central Committee and secretary general of the Communist Youth, has a licentiate in history and has had no other employer but the party.

Georges Marchais' two secretaries: Francis Wurtz and Jean-Francois Gau, members of the Central Committee, are intellectuals. The former taught a number of years before becoming an official and the latter has never had any other profession than that of headmaster at a day school before working at the secretariat of the Yvelines federation, then on Marchais' staff.

In all, Paul Laurent spent 1 year in active life. Henri Malberg and Henri Krasucki have been officials since the time of the Communist Youth and only returned to the factories to organize party cells.

Gisele Moreau, secretary of the Central Committee, deputy from the 13th district, was already an official of the Union of Young Women of France in 1965.

Dominique Frelaud, mayor and deputy from Colombes, did not enter a factory until after his stay at the French mission and finally preferred party service to service to the Church.

Jacques Denis found his first post on the staff of Maurice Thorez, then vice president of the Council, and Madeleine Vincent has not left party service since the Liberation. Nor has her husband Guy Ducolone.

Some leaders enjoy that status because of criteria that have nothing to do with a working background. Anicet Le Pors proved her abilities as an economist in the Ministry of Finance, Philippe Herzog at the university. Claude Compeyron owes his promotion to his experience as a boss at Editions Vaillant, while Raymond Jane owes his to his activity as a "super cadre" in PC enterprises. The only communist leaders still linked to active life are university professors such as Guy Besse, Claude Mazauric, Antoine Casanova and Daniel Monteux. The other intellectuals: Guy Hermier, Francette Lazard, Lucien Seve and Pierre Juquin have permanently given up their academic advantages.

Authentic workers are therefore scarce in this red bourgeoisie. Naturally, the level of salaries is modest for politicians² and only Maurice Thorez, in his time,

² Technicians sometimes have high wages.

had a lifestyle worthy of a *grand bourgeois*, with houses, a chauffeur and cook. However, there are all kinds of little advantages that put the official above many worries. The main thing is without a doubt the extraordinary job stability he enjoys, provided he defends the party and applies its policies. Within this caste, since Thorez himself set the example of nepotism, veritable dynasties are formed. At Ivry, the Gosnat line produced a mayor, deputy and section secretary. But this phenomenon is limited by the distaste for politics which affects the children of leaders and officials. In the 1960's, a large part of the cadres of the leftist movement were not the sons of industrialists, but the sickened children of communist cadres. On the whole, the social origins of the communist officials are modest, despite a few exceptions such as Francette Lazard or Philippe Herzog. They are the sons and daughters of workers and for them, the party is often the means to escape the difficult conditions of existence of their class.

This very special socioprofessional stratum constitutes the "real party," with access to decisions. It is among its members and not in the regular organizations open to militants that information circulates.

The camouflage of a certain number of facts is a party rule. Meetings of the secretariat, the Political Bureau and the Central Committee are held behind closed doors and members have the right to only expurgated reports on them. They are never given an exact accounting of finances, personnel and party property. There is naturally a financial report at congresses but it does not include the balance sheet of L'HUMANITE or of the various party enterprises. The activity of several sections of the Central Committee leads to no public report: the treasury, the handling of party property, foreign policy. Mandates are not limited in time and no one ever knows for how long one elects a federal secretary, a member of the Central Committee, much less the secretary general of the party. Terms are renewed at each congress but have no limitation.

There is no rule for holding several offices at once and many communist cadres, in addition to their responsibilities in the party, hold two or three elective offices. The secretary general sets the example here. This set of factors makes the members of the caste solidary, not only vis-a-vis the outside, but vis-a-vis the rest of the party. They know all or part of the secrets, know the "explanations to be given." Their power has increased in recent years. But they must handle new contradictions.

The increase in exchanges between France and the Soviet Union, the accession to independence of former French colonies have considerably developed party enterprises. Originally modest, they include most of the agricultural, industrial and commercial markets between France and the countries in the East. There is a bank, an agricultural enterprise, an entertainment agency, and so on. The Inter-Agra firm has become a power with international dimensions.

This development has increased the wealth and therefore, the power of the PCF. No longer able to conceal the existence of its commercial sector, the Communist Party has built a few legends, such as that of the Red multimillionaire, Jean-Baptiste Doumerg. But it is obvious that Doumeng is only a very special official of the PCF. Shares in the companies of the group are held by members of the PC, reliable men, and dividends are not paid to individuals but to the treasury of the Central Committee, which also possesses, for every share- or stockholder, a proper transfer on which only the date is left blank. Two precautions are better than one.



[Above] Francois Wurtz, Georges Marchais' secretary. A PCF pro.

The growth of the communist financial group has created, alongside the traditional political caste, a technocratic caste whose financial privileges are greater. In making the party rich, it made it cumbersome. But its main flaw is elsewhere: A whole series of economic relations closely links the PC, not only with the countries of the East, but with the French enterprises that work with them.

Naturally, not all the PC enterprises are linked to the USSR. Some are content with the market of enterprise committees and the communist municipalities, but this second sector achieves margins too narrow to meet all needs. The prison in which the party has locked itself over the years is gilded, but it is a prison nonetheless and the political leadership is constantly tossed back and forth between the financiers and the members. The latter are all the more ignorant of the system because they remain members of the PC for a very short time.

And yet, whatever the average length of membership of a worker, the existence of a Red capitalist group has an inherent insoluble contradiction, for the fact of depending on the party of the working class changes nothing in the production relationship of an enterprise.

In Marxist terms, "Red owners" are still first and foremost owners. The situation of their wage earners is scarcely more enviable than that of those exploited by big capital. In some cases -- the BCEN [Commercial Bank for North Europe], for example -- the trade union system strikingly resembles the one against which the Polish workers have successfully fought. In others -- the former CDLP [Center for Book and Press Dissemination] in particular -- communist wage earners have aroused fighting unions against communist bosses. Professional conflicts become increasingly frequent in communist enterprises and municipalities.

In the face of this situation, the machine reacts violently, as in the case of Saint-Denis where, given the struggles of the promoters of recreation centers, the local CGT [General Confederation of Labor], at the request of the municipality, obtained the dissolution of the trade union section, whose members are excluded from the CGT for striking! But when party members know the management methods of "their" enterprises, they do not have the same reactions. How could they understand that a party, which is demanding self-management, would act like the owners of divine right?

11,464

CSO: 3100

PCP POLICIES, STRATEGY, PROBLEMS IN 1981 ELECTION

Paris LE MONDE in French 14 Jan 81 p 8

[Article by Patrick Jarreau: "At the PCP: Beat Giscard or 'Pluck' the PS [Socialist Party?]"]

[Text] The PCP Central Committee met on Monday and Tuesday, 12 and 13 January respectively, at Colonel-Pabien Square in Paris. During this meeting, in which there also participated those federal first secretaries who are not members of this organization, the communist leaders examined the results of the campaign, which George Marchais is conducting for the presidential election. The candidate presented the introductory report himself, opening the discussions on this question. We are studying here, after having done it for the socialists, the Giscardiens and the Gaullists ("LE MONDE" of 30, 31 December 1980, and 1, 7 and 10 January '81), the communists' situation 4 months before the presidential election.

The PCP campaign is marked by meetings in which Marchais participates and which will amount to 70 in all. Until now, attendance at these meetings has almost measured up to the expectations of the organizers, if we exclude those which were held in the Paris area in October and November and a few which were ineffective, due to insufficient preparation in some provincial towns. Marchais' audiences have generally been large. They are made up of members and sympathizers favoring the ideas which the secretary general has expressed since he was nominated as candidate by the national conference last October: The crisis, in which the government's policy is plunging the country, calls for a radical "change" which only the communist party advocates; the other political parties are coming to terms to try to create a "consensus" about austerity measures, making the wage earners and the small farmers bear the burden of the crisis; consequently they oppose all solutions proposed by the PCP, whose influence they are attempting to reduce, in order to set up centrist governmental or parliamentary coalitions.

The communist party supports its assertion about the existence of relations between the PS and the RPR [Rally for the Republic] which, according to it, is a "chain" connecting the two parties with the UDF [French Democratic Union]. To emphasize the "political" nature

of the initiatives which the PS can take, the PCF points out Francois Mitterrand's options under the Fourth Republic and is attempting, by giving the socialist candidate the image of a has-been, to wipe out the memory of the united campaigns in 1965 and 1974. It is trying to show that the differences between Gaullists and socialists confirm Mitterrand's return to his practices before 1958 and his abandonment of the alliance of the left. Under these conditions, according to the PCF, a possible victory of the socialist candidate over Valery Giscard d'Estaing would not guarantee a change of policy at all.

This criticism of the PS's step and its first secretary is especially the work of the communist press and mainly HUMANITE. Marchais gives it little place in his speeches, devoted to explaining the PCF proposals. They constitute, on the whole, a "combat plan," which means that they must be considered not as a government program, but as objectives for activities around which the communist party is seeking to group its supporters, especially on the occasion of the presidential election. For the PCF, this election can only be a stage, which is not at all decisive, on the way to the necessary "change." Consequently he must both criticize Mitterrand and not speak too much about him, in order to prevent the socialist leader from appearing as the main candidate of the campaign, opposing Giscard d'Estaing.

Mitterrand Assumption

The communist leaders seem to believe that Mitterrand is in a more favorable position than in 1974 to prevail over Giscard d'Estaing. On one hand, in fact the PS first secretary does not have to answer to the centrist electorate for the behavior of the PCF, with which he is no longer associated. While the communists' attacks on him had weakened the position of the socialist leader in 1977, they have today rather the effect of strengthening it. On the other hand, sometime before a poll published last week confirmed this assumption, the communists evaluated at one quarter the proportion of Gaullist voters here and now ready to shift their vote to Mitterrand in the election's second round.

The special legislative elections at the end of November give an indication of the possible behavior of the communist electorate on next 10 May: the desire to beat the government seems to prevail over interest in preventing the rise of a powerful social democratic party. The PCF leaders then decided to go along with the movement, in asserting that their order to withdraw in favor of the PS had contributed to the defeat of the Giscard candidates. By not failing to point out that his objective today is to "beat Giscard," Marchais seems to be guided unerringly toward a withdrawal against the outgoing president, accompanied with reservations about the confidence which the socialist candidate deserves. He could thus at the same time make the most of the unitary feeling of part of his electorate and the antisocialism which inspires his other supporters.

Nevertheless, the PCP is trying to minimize the importance of this question and is concentrating its campaign on its own subjects. The class struggle and glorification of the progress of the socialist countries and of socialism in the Third World, there, with the detailed repetition of the claims made by the CGT [General Confederation of Labor] in social struggles, is the essence of Marchais' speeches. The secretary general resorts at the same time to subjects which allowed the PCP to consolidate its vote during the European election, that is criticism of European construction and the supremacy of West Germany. Finally it adds to this the expression of the feelings which appear in the quarters or municipalities where there are many immigrant workers.

Immigration and Election

The PCP's position on the problem has two aspects. One is criticism of a situation which favors the concentration of immigrant workers in certain municipalities, often governed by the communists, and whose social budget is often burdened because of unemployment which affects more proportionally the workers with few skills. The other aspect of the PCP campaign is directed at the least politicized groups of voters, whose social situation is the most difficult--those whom the communists have encouraged to register on the election rolls, while they often fail to do it--and who are the most affected by the competition of the immigrants on the labor market. It is also these families who live side by side most often with the immigrants in the apartments and quarters.

There is a fertile field there for racist reactions, which the PCP does not fail to exploit. In going back on their vote favoring the construction of an Islamic Cultural Center (LE MONDE, 11-12 January), the elected communist candidates in Rennes showed that the affair of the Vitry Center was not a "mistake," but was based on a deliberate policy.

The communist leaders take the risk with such decisions of exposing their members to contradictions, which reach a degree of tension rarely equalled before. Such reactions are appearing in all circles, in particular among the intellectuals, among the elected candidates and among some regulars, such as HUMANITE's journalists, many of whom have not signed the petition to vote for Marchais. Some, who refused to leave their party in the period which followed the legislative elections of 1978 and intended to continue their activity on the inside, are now deciding to leave it.

Messrs Henri Piszbin and Francois Hincker, former members of the central committee, are disturbed about this trend and they have warned the members who disagree with the present line against the encouragements to resign which they are receiving both from the opponents who think "that there is no longer anything to do in this

party" and the leadership's supporters who assert that those who are no longer in agreement "do not have anything to do in it anymore." Messrs Fiszbin and Hincker have declared themselves determined, on their part, to assume "all the responsibilities," which would ensue from their intention to continue their fight in the party.

This language is intended for the intellectuals, but also, and perhaps especially for the elected candidates and the leaders, who in particular in southern France, despair of seeing their party return to a policy of unity. The former admit that the common program was not a good solution and they do not spare their criticism of the SP (otherwise, they would have left as early as 1978 or 1979), but they think that the lonely road which the PCF has taken leads to nowhere. Their influence is so considerable that the leadership is forced to continue to dispute with them, declaring, for example, as Marchais did on 9 January in Paris: "It is obviously necessary to be completely blind politically not to see in in the present PCF policy the audacious, offensive development of the strategy which we outlined during our 22nd and 23rd congress." Such declarations show that the leadership is aware of the fact that all communists are not convinced of the correctness of its policy.

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SUMMARY OF RIGHT-WING TERRORIST ATTACKS SINCE OCTOBER 1980

Paris LE MATIN in French 5 Jan 81 p 5

[Article: "Forty-Two Extreme-Right Aggressions in 2 Months"]

[Text] In a question addressed to the minister of justice, Jean-Pierre Chevenement lists these unpunished attacks.

"Forty-two racist and fascist attacks or actions," since the start of last October. In a written question addressed to the minister of justice, Jean-Pierre Chevenement thus lists the number of attacks committed in France since the Rue Copernic attack, directed essentially against the Jewish community. Socialist Deputy de Belfort is concerned over the slow application of justice with regard to these cases.

In the 2 months since the attack on the synagogue on the Rue Copernic in Paris, which left four people dead, 42 acts of aggression have been perpetrated by extreme-right organizations or individuals. In a written question to Keeper of the Seals Alain Peyrefitte, Jean-Pierre Chevenement draws up a long list of these actions: aggression against a Moroccan Jew on the Paris-Engluien train on 5 October, the ransacking of a Jewish apartment in Nice on 6 October, a young Jew molested in Lyons on 8 October, a car booby-trapped in front of a garage belonging to a Jew in Goussainville (Val-d'Oise) on 12 October, an antisemitic incident at the Tolbiac University Center on 15 October and the following day a. attempted assault on Jean-Pierre Pierre-Bloch (UDF [French Democratic Union] deputy).

On 21 October antisemitic graffiti were found in Longwy and on 27 October neo-Nazi graffiti in Marseilles. A "semitic-looking" young woman was attacked in the Chatelet Metro station on 29 October, shots were fired on a Jewish school in the 19th Arrondissement on 4 November and antisemitic graffiti and FANE [expansion unknown] acronyms were found on many buildings in Clichy-la-Garenne on 15 November. Not all of these acts of aggression have been aimed at the Jews. Thus on 16 October a bomb was placed in a Maghreb cafe-grocery in the 20th Arrondissement, a shot was fired on an African workers' club in Puteaux on 14 October and a fire broke out in a PC [Communist Party] office in the 12th Arrondissement on 12 November. A few days later, leftist militants distributing leaflets were attacked by fascists in Paris and Alain Krivine has received threatening letters signed Adolf Hitler...

"The impunity the authors of these attacks enjoy," Jean-Pierre Chevenement notes, "can only encourage them to continue their activities." The national secretary of the Socialist Party specifically asked the minister of justice "if he can make an exact report on the results of the investigations conducted regarding each of

the above-mentioned attacks" and "if it does not seem to him that there is swift justice and slow justice, depending on the nature of the case." On 8 October at the National Assembly, Francois Mitterrand also cited a long list of racist attacks, then expressing the opinion that "the victims noted do not feel that they are being protected by the government."

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CSO: 3100

TREASURY DIRECTOR INTERVIEWED ON STATUS OF FRANC

Paris LE NOUVEL ECONOMISTE in French 5 Jan 81 pp 18-19

[Interview with Jean-Yves Haberer, Treasury Director and Chairman of the European Monetary Committee, by Jean-Marc Sylvestre, of NOUVEL ECONOMISTE; date and place not given: "French Rates Must Be Competitive"]

[Text] The French ability to save must make it possible to finance the budget imbalance in 1981 and the stability of the franc to attract the capital needed to finance the foreign deficit. Jean-Yves Haberer, director of the treasury and chairman of the European Monetary Committee, is not pessimistic, provided that the market continues to offer positive remuneration for money.

[NOUVEL ECONOMISTE] In your opinion, how will interest rates in the U.S. develop?

[Jean-Yves Haberer] I would not risk making a prediction...for a good reason, which is that no one had foreseen that basic bank rates would experience 47 changes in 1980...to attain a Latin-American level of 21 percent in December, after having returned to 10 percent last summer...Naturally, the Reagan administration, which will be in power next month, will in turn fight against inflation, and I would be astonished if its monetary policy were to begin with relaxation. The Americans have the right, and the duty, to fight against inflation through all means.

[NE] This escalation is not without consequences for France...

[J-Y H] First, the American rates cause the rate of the dollar to rise; and when the dollar rises by 10 centimes, our oil bill increases by a half billion dollars. That complicates the financing of our foreign deficit, makes our production costs more burdensome, and increases inflation.

Second consequence: the variations in the American rates influence our own interest rates through the intermediary of the Euro-currency market and of the European Monetary System. The high dollar rates attract the flow of capital, thus recycling the huge surpluses of the oil countries, a portion of which we need to balance our

foreign accounts. We thus find ourselves caught between the imperatives of the money markets, which usually impel us to raise our rates, and the imperatives of European solidarity, which impel us to a certain moderation.

[NE] The French monetary policy is nevertheless relatively independent of the level of rates?

[J-Y H] Yes and no: banking credits in the economy fall within a framework, but the latter holds true only if the demand for credit on the part of enterprises and individuals is curbed by a high level of interest rates. It is not desired, of course, that the franc be a reserve currency; but it is necessary, in order to finance our oil deficit, to agree that foreign capital be invested in France, which our banks excel in doing, provided our rates are competitive.

[NE] But, on the contrary, does the European Monetary System oblige us to influence rates?

[J-Y H] The SME has largely dispelled anticipations regarding the calling in question of the exchange rates of participating currencies. It has thus restored a leading role to interest rates for the arbitrages of these currencies. That is why the short-term rates on our money market have remained paradoxically lower than our rate of inflation. We have loyally accepted SME discipline, especially with respect to the deutschemark.

[NE] Exactly. Do you not think that the Germans are now rendered powerless?

[J-Y H] The Germans are experiencing, more manifestly than we, a contradiction between the necessity of extending their rates, in order to fight against inflation and in order to facilitate the recyclage of oil capital, and the solicitude of not setting them too high, in order to make possible a minimum of growth that is favorable to employment. The mark, the second international currency after the dollar, is more seriously affected than the franc by the arbitrages of the international operators who are attracted by the interest rates offered for the dollar, which in recent days have risen to 25 percent for the Euro-dollar. The rate of growth that awaits Germany in 1981 is of no account, whereas France in this domain will be the most competitive of the European countries. I see no solution for Germany other than a decrease in American interest rates, since the rise in price of the latter is the source of the problems of the mark.

[NE] Can the franc still hold out for a long time at the present level?

[J-Y H] The essential fact is that in 1980 the current payments deficit in Germany was 2 and 1/2 times greater than that of France. One is often polarized on the variations in the rate of inflation, but this phenomenon takes place at the commercial balance level; it never affects the invisibles balance, where the greatest portion of the components (insurance, large construction yards, engineering, technical cooperation, tourism, interest and dividends) are not very responsive to prices. It has not affected the balance of capital movements, which are

governed by interest rates and various considerations of political, monetary, and fiscal security.

In short, the disparity in the rates of inflation concerns only one-third of the problem. As for the other two-thirds, we are presently better situated than the Germans.

[NE] How will the 1980 and 1981 foreign deficit be financed?

J-Y H] France's payments deficit is relatively modest: about 1 percent of the national production or 2 percent of the monetary fund (M2). It is thus financed without difficulty. The excellent stability of the franc favors spontaneous entry of capital on a short-term basis, and the respect accorded to France's signature makes it easy to obtain long-term loans. If these two facts, which are tied in with the domestic management of our economy, are not called in question, the 1981 deficit will pose no greater problem than that of the 1980 one, in spite of the increase in the price of oil decided in Bali, which, at the current dollar rate, will cost us 10 billion francs.

[NE] Is the financing of the budgetary deficit tenable?

[J-Y H] In 1980, the treasury did not create any currency. The deficit was covered by long-term savings. State loans amounted to 31 billion francs in a 110-billion market.

[NE] But how can this tapping of the financial market by the state be reduced?

[J-Y H] Let us not exaggerate the idea of state tapping. In 1980 the state and local communities realized 35 percent of the issues; public enterprises in the noncompetitive sector, 20 percent; competitive industrial, commercial, and financial enterprises, about 45 percent. These ratios call to mind those of the big industrial countries, with nevertheless a smaller portion for the state and local communities, which have a smaller deficit than elsewhere.

[NE] Can the bond market provide as significant an assistance to the economy in 1981?

[J-Y H] I hope so, because it is a key to the success of our monetary policy. In France there is an ancestral propensity for long-term saving--provided there is a possibility of obtaining positive, real remuneration. If the market sustains the latter, I would be optimistic. But this is a personal opinion.

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CSO: 3100

SCHOOLING SYSTEM BEING QUESTIONED

Athens THE ATHENIAN in English Feb 81 pp 17-20

[Text]

THE recent wave of teachers' strikes in public and private gymnasia focuses attention once again on the many unresolved questions and problems in Greek lower level education, from pre-school through lyceum. Teachers, students and parents alike have complaints which range from salary and hours to classroom conditions and curriculum. The much-publicized reforms in 1976 under then-Education Minister George Rallis addressed themselves to only part of the problem, albeit an extremely important aspect - the substitution of *dimotiki* for *katharevousa* in school texts, and the extension of compulsory education to third-year gymnasium. But other, basic questions of long-term education policy and reform were left to the future.

There is still great dissatisfaction with the school system, which can only grow as Greece's economic and social structures begin to feel the full force of absorption into the Common Market. If Greece is to develop along European lines, it needs more citizens competent in a

wide range of modern occupations, quite apart from people simply conversant in EEC languages and customs. And development and growth, along with continuing urbanization, will inevitably produce more acute environmental and social problems. The question is whether Greek schools are adequately preparing the adults of the future for a role in a changed, and changing, Greece.

The answer is often in the negative. Such changes as have occurred in the past few years have been, on the whole, changes of form rather than content. By some European, and certainly by U.S. standards, Greek education remains extremely conservative and based on entirely different attitudes. It is the product of the traditional nature and values of Greek society and, in discussing both the problems and the positive side of Greek schooling, we must keep in mind its context. The Greek system is basically aimed at producing children who can read, write and do some figuring - the three R's. It attempts to inculcate in pupils the importance of the Greek heritage, arouse pride in Greek history, and transmit religious dogma. On the whole, it is a highly utilitarian schooling, aimed not so much at "leading the child out" in the words of one educator, as at achieving rather narrowly defined career goals and financial security.

The roots of this functional education, as opposed to the more individualistic stimulus aimed at in some European and the U.S. systems, are in no small part economic. The actual process of "leading the child out" – the individual attention, the extra books and play materials, specially trained teachers, the varied curricula and activities – are expensive. Furthermore, the question remains whether this kind of education would have prepared and would prepare a child to work, and work hard, in a country relatively poor by western European standards where there is a great deal of competition for good jobs, status and income. Greece has not achieved that kind of widespread economic comfort which allows its citizens the luxury of long, leisurely schooling, years to make career choices, and a wide range of career possibilities.

The educational system's entrenched conservatism and traditionalism depend also on its highly centralized and authoritarian structure, dominated by the Ministry of Education. The Ministry is responsible for every aspect of school life, and the individual teacher is, in a sense, a rather passive mouthpiece at the bottom of the power-pyramid for decisions taken at the top. The curriculum laid down by the Ministry must be followed by every school in the country, public and private alike. The textbooks are assigned by the Ministry, and teachers are expected to cover the material as presented in the text. As one teacher describes it, he can be called to task if on a specific day he has not reached the ministry-designated page in the text.

The pressures to change this system come from all sides now – students, parents and teachers alike. The value of the curriculum, with its heavy emphasis on traditional subjects, is questioned by many. The lower grades stress competence in reading, writing and arithmetic, but naturally include lessons in many other subjects such as geography, science, history and religion. One third-grader singles out history and

religion as her favorite subjects "because of the stories they tell", but wishes her class could do more drawing and painting, the lack of music and art courses is mentioned again and again. The staggering course-load in upper schools, which can include as many as fifteen subjects, and the lack of depth in studying any one of these are also singled out. A particular burden for some is ancient Greek, which, since the reforms of 1976, is a requirement only in the last three years of high school. Nevertheless, a common feeling is expressed by one girl who says, "If I'm going to be an economist, why do I need ancient Greek at all?" although another opinion holds that, as one boy said, "It is our heritage, and we should know it." To the great relief of most children and their parents, ancient Greek in the first three years of gymnasium has been supplanted by reading the ancient authors in translation.

The actual subjects do not seem to provoke as much controversy as does the presentation itself, whether by textbook or teacher. Although the reforms of 1976 meant that texts were written in *dimotiki* rather than *katharevousa*, the content has been slower in changing, and the quality varies considerably from course to course and year to year. Some of the lower school texts are attractively illustrated and nicely written, but a high school chemistry student says his chemistry text is incomprehensible, "written by scholars for other scholars" and certainly not for a younger, less-informed mind. Another high school student cites badly organized English books and history texts highly colored by nationalistic interpretations of events.

The teachers are caught between two opposing forces, an oppressive bureaucracy on the one hand and demanding pupils and their families on the other. They work long hours, at low pay, and with large classes, and they are not allowed the initiative or materials to create a course or develop their own ideas. Since the

teacher must complete a given subject matter in the course of the year, and since the children must know the contents of the assigned text, there is no incentive to engage in independent thinking and explanation, much less research. The teaching methods are appropriate to this kind of enforced subject matter — memorization and rote learning. The lack of time and the large class size also limit questions, even if the teacher is willing. There is little chance for communication between teacher and student, especially in the upper grades, where a pupil may have as many teachers as he has subjects, with the result that "We are just numbers, not personalities."

The problem of overcrowding affects the whole structure of school life. Although the present government has built a large number of classrooms in the past few years, the school population in Athens has also burgeoned, and schools remain packed. Because of the classroom shortage, schools are run with double sessions. It is also not rare to find several schools, comprising different age groups, sharing one building. This intense use of the buildings by children of all ages means that the school cannot offer facilities or equipment specific to particular age groups, or extracurricular activities, rendering school, classroom and teacher alike distant, impersonal entities.

Many of the schools are also in bad condition, with poorly maintained facilities, faulty heating systems, and tiny courtyards with no place for sports. The lack of sports and physical fitness programs is a major complaint among children and parents, especially since media propaganda has made fitness fashionable. The Greek trendsetters jog, play tennis and squash, and send their five-year-olds for riding lessons at immense expense. But space for popular team sports is usually not available. The play area of many schools is restricted to the concrete

entrance court (that of the 5th Boys' Gymnasium in Exarchia measures 60 square meters for several hundred teenage boys). Children who do not have the money or inclination to go to sports clubs end up in the streets or in overcrowded parks like Dexameni in Kolonaki, kicking balls around at the expense of babies and toddlers who must share this square of pavement. Of course, the problem of space and physical setting varies widely from area to area. One Exarchia mother complains that nothing has been done in her neighborhood for years, while new facilities have been constructed in more prosperous areas such as Halandri and Nea Smyrni. Even so, play space is not given priority: the new wing of the prestigious Marousion School in Kolonaki sits on what was once a large play area, now halved to a miserable paved court suitable only for setting-up exercises.

Just as with sports, aesthetic education of the Greek child is limited and sporadic. It is hard to find a child (or even an adult) here in Athens who enjoys a trip to a museum, a gallery or an archaeological site, and who would consider any one of them a pleasure to be repeated. Crafts, art and drawing lessons exist, but only minimally; music, except for patriotic and religious songs, is also almost entirely ignored. These subjects, like sports, gymnastics, and dance, must be learned in private lessons. New ideas in this direction are left to private enterprise, such as the Red Balloon, a group of educators dedicated to stimulating children's creativity through their play activity. Although their theories have achieved a certain recognition in official circles in the Ministry of Education, these have been only occasionally applied, in extra-curricular sessions at a few public and private schools.

The problems of special education, ranging from the teaching of the handicapped to the instruction of the gifted or of the slow learner, have also received little attention at government level. The problems of handicapped children have recently been shifted from the Ministry of Health to the Ministry of Education, and there is some hope that 1981, designated as the Year of the Handicapped, will see further progress towards this kind of special education. Meanwhile, as with most aspects of education deviating from the Ministry-established norm, such instruction is left to private enterprise. The "special problems" of the bi-lingual child, born to a Greek and a foreign parent, for example, is the particular concern of the Stepping Stones Children's Center, both in its pre-school and extra-curricular program.

In fact, most Greek school children, whether gifted or slow, handicapped or normal, receive extra-curricular lessons with private tutoring, private classes, or at the controversial frontistena. The expense is enormous. One working-class couple says they spend 10,000 drachmas per month (the wife's entire salary) on language, ballet and gymnastics for their two children. Like many Greeks of similar background, they are determined to give their children advantages they feel they lacked. They deem languages, above all English, essential to their children's future, while ballet and sports — physical fitness for the boys and graceful movement for the girls — are important in distinguishing the carefully-reared from the not-so-carefully. Says one hard-working mother, who together with her husband runs an ouzeri which keeps them working 12 hours a day in part to pay for an array of tutors and private lessons — "We want things to be better and different for our children."

Greece is a country on the way up, and parents are scrambling to educate their children to a certain extent on the model of the successful European and American middle-classes. The typical Greek family is intensely involved in the education process. Mothers will sit with their children over homework, in part to push them even harder to succeed, in part because teachers simply do not have enough time to explain lessons, meaning that many children need extra help. Even working mothers find time to study with their children, and many consider it as much the mother's responsibility as feeding and clothing them. The fathers are the big guns, brought in when there are real problems. This close surveillance has some positive aspects. It means that the parents always know what the child is doing at school, and that they, more than passive nurturers, are active participants in the education process. Furthermore, as one mother said, "I learn along with my son." It is a further bond in the already tight family unit.

Many of the parents belong to Parents Associations, which tend to function less as creative or idea-producing groups than to fill in gaps in school services and supplies. One parent describes how her Association built two new classrooms at her daughter's school, providing money, and in the case of some parents, skills needed to make them. Other Parents Associations are called on regularly to pay heating bills and fix broken windows and doors.

The Parents Associations have come out on the side of the teachers in the recent crises, and indeed parents tend to be very supportive of the teachers in general. The teacher's authority is seen as an extension of

their own, and the methods and techniques of enforcing discipline, order and performance in the classroom often parallel those used in a typical Greek family. One mother describes the methods of her daughter's third-grade teacher: "The children all love her. She does smack them sometimes, but the next minute it's 'my treasure, my love' and kisses all over."

Faced with the drawbacks of state education, some parents opt for private schooling, a choice open to relatively few Greeks, in part because of the extremely high cost of private education. Furthermore, since all Greek private schools must follow the Ministry of Education curriculum and use the assigned textbooks, presumably the main advantages in private schools lie in the quality of teachers, a smaller class size, better facilities such as laboratory equipment, and enriched extra-curricular activities including, of course, better sports equipment. Only some of the private schools actually do manage to come out ahead in all these areas. At the same time there are a number of disadvantages, including the long commuting distances and alienation from neighbors and neighborhood, and in some cases intense competition, elitism and snobbery. In the opinion of one state-school student, a private school is "a disadvantage because it doesn't prepare you for life. The teachers are too easy on the students, they are passed even if they don't do well, then they can't get into university." Furthermore, enrollment in most private schools still does not eliminate the need for supplementary lessons.

If the present system were to be judged by its results, the verdict would be mixed. It does have definitely positive aspects, some quite unintentional. The emphasis on the

traditional curriculum produces people who can read, write and do figures even at a young age — Greek school children are often ahead of their American peers in basic language and arithmetic skills. The highly competitive atmosphere, goal orientation and often adverse conditions produce students who shoot to the top in the more benign atmosphere of foreign universities in certain European countries and in the U.S. The centralized nature of education means that it is truly democratic — everyone is exposed to the same books and the same ideas, even at the most exclusive private schools. Furthermore, the close involvement of families in the schooling process further stabilizes family ties, and by extension, the fabric of Greek society as a whole. On the other side, however, the knowledge obtained in this system is, on the whole, goal-oriented. The students learn, and memorize, to pass exams and get grades, not for the sake of knowledge, one reason perhaps why many Greeks do not bother to read in an exploratory, searching sense. This style of education can produce thinkers with blinkers, people who have been taught within a system which tends to narrow rather than widen the horizons of thought. One disillusioned mother observed, "My children are being taught not to think." It will be interesting to see what changes, if any, are made as a result of this current spate of unrest and malaise, particularly in light of the upcoming elections.

PAPER DISCUSSES PEOPLE'S ALLIANCE TIES TO MOSCOW

Reykjavik MORGUNBLADID in Icelandic 9 Jan 81 p 14

[Editorial: "Secret Love"]

[Text] The most dangerous fact about the People's Alliance is that its center is under remote control and considers the interests of the world communism above the Icelandic interests. The Icelandic history as told by the party's mentors is therefore quite different from the actual history. They have to use falsification to cover the errors that the belief in the unfallible Kremlin has brought on them. This does not have to be disputed. It is enough to compare the story that Einar Olgeirsson published before Christmas and the historical works by Dr Thor Whitehead, War Imminent, which was also published before the holidays. Communists all over the world realize that their past cannot withstand discussions by the present. It is noteworthy that the newly elected chairman of the People's Alliance, Svavar Gestsson, says in a THJODVILJINN article at the end of last year that there are no conditions for "historical compromise" in Iceland. The chairman thereby rejects the views which are commonly identified with "historical reconciliation." This declaration demonstrates two things: First that Gestsson refers to a concept formed by Italian Communists. This reference confirms further that the People's Alliance considers themselves to be a communist party of the Western European type. Secondly, it is no longer any use for the government members, who want to excuse their cooperation with the communists with reference to discussions in this paper about "historical reconciliation," to look for support in the views that emerged there. The leader of those communists they collaborated with has said that he and his party members have a different way of dealing with the present administration than "historical reconciliation" involves. It is a correct definition that Gestsson gives of the views that came forth in articles about this topic in this paper at that time.

It is therefore reviewed here that according to the words of the leader of the People's Alliance, his party has the control in the administration and bases its work on the premises that there are no conditions for "historical reconciliation" with the democratic powers. Haughty declaration expressed by the chairman about this become almost out of tune when considering that he has no power over his group, and that his party in the Althing is split in its position towards the government. According to a declaration from Gudrun Helgadóttir on 3 December, she will support a vote of no confidence in the government if it is presented.

While contemplating Helgadóttir side-step, it should be mentioned that the primary duty of a communist is to obey the party discipline--otherwise they suffer eternal perdition and excommunication.

Exactly because of this, Helgadóttir puts the main emphasis on saying that she is actually carrying out the conclusions reached at the party congress, and that the men in power are the ones who have shirked their duty.

The fear that the collaborators of the communists have of them is so great, that they give in to all their demands about the newly made economic measures, although a split within the People's Alliance is the government's Achilles heel. In this respect, the most disgusting deed is that of the Progressive Party, who had to take back and swallow all the divine praise about Ólafur Jóhannesson thought would put him on a royal pedestal as laws were only named after royalty.

Within the government, the Communists will apply the logic that Helgadóttir is not important. They will handle her. People should not forget that they, the Communists, bring the labor movement to the government on a silver tray. The newly elected chairman of the Icelandic Federation of Labor (ASI) plays the chief role in that game. He concentrates on convincing himself and others that the propaganda "even exchange" is correct just as the slogan "validate the agreements" was honored. "Even exchange"--what does such a slogan imply for those who favor communism and nurse their connections with its world center through East Germany? When foreigners enter East Germany from West Germany, they are required to exchange their currency at the rate of one West German mark equaling one East German mark. This is the epitome of usury because of the lack of value of the East German currency, but in the language of the Communists in East Germany such methods are called "even exchange." Is it possible that this concept has entered into the Icelandic daily struggle? Two of the ministers of the People's Alliance were educated in East Germany and there became familiar with the propaganda furthest removed from the truth.

The People's Alliance is a party typical of power struggle. Every deviation from the policy is excused by the men holding the power within the party, as being temporary and necessary in order to prepare for the dictatorship of the future. Dictatorship is, however, mostly never mentioned outside the four walls of the party, as the Kremlin has given dictatorship a bad reputation. Does Helgadóttir turn the dreams about the future into nothing? Or will her love for the government become greater than her love for Gervasoni, as the chairman of the parliamentary group of the Progressive Party so intensely hopes.

9582

CSO: 3111

FINANCE MINISTER COMMENTS ON PLAN TO CUT INFLATION

Reykjavik MORGUNBLADID in Icelandic 6 Jan 81 p 36

[Report on an interview with Ragnar Arnalds Minister of Finance; "Decision To Remove Up to 10 billion Old Kroner from Exchange Profit Funds"]

[Text] Inflation Closer to 40 Percent Than 50 Percent With These Measures.

"In my opinion, the government has decided to deal with the matter in this manner: almost 10 billion kroner (100 million new kroner) will be obtained from the Central Bank's Exchange Profit Fund because of the Price Equalization Fund for the Fishing Industry and measures taken for industry," said Ragnar Arnalds, minister of finance, when MORGUNBLADID talked with him yesterday and asked about the point because of statements made by Tomas Arnason, minister of commerce, in an interview with MORGUNBLADID at the end of last week, where Arnason said that the government had made no decisions about the money for industry and the Price Equalization Fund which was discussed in government's economic estimate.

MORGUNBLADID also asked about Arnalds' opinion regarding Arnason's statement, that the measures were only effective in bringing the inflation rate down to about 50 percent and that the government therefore had to make plans for new measures to be taken later in the year in order to reach the goal of 40 percent inflation set in the economic estimate. Steigrimur Hermannsson, chairman of the Progressive Party, who just returned from abroad, agrees with Arnason's views.

"No decisions have been made about that," says Arnalds. "These measures ought to reduce considerably the inflation, which otherwise would go over 70 percent. There are "good expectations" of reducing the inflation down to between 40 and 50 percent. What other measures than those announced have been decided upon.

MORGUNBLADID then asked on what the minister of finance based "good expectations" and whether the statements of the chairman and secretary of the Progressive Party about 50 percent inflation rate were built on something else. "It is not correct to speak only about 50 percent," said Arnalds. The calculations on

hand when the decisions were made, indicated that the inflation would go a little lower than that. On the other hand, the final outcome is quite dependent upon what later happens, for example, whether there will be a considerable falling of the krona during the latter part of the year or not. If this development takes another course than we are anticipating now, it will, of course, affect the final outcome. But I am of the opinion that by taking these measures, the inflation will be closer to 40 percent than 50 percent during the year."

Regarding obtaining money for the Price Equalization Fund for the Fishing Industry, Arnalds said that the only measure discussed was to take that money from the Exchange Profit Fund of the Central Bank; and that in his opinion that had been agreed upon by the government. This fund exists. "This Exchange Profit Fund is the profits the Central Bank made from the falling exchange rate last year," said Arnalds when MORGUNBLADID asked him about assertions that there was no such fund to go to. "It definitely existed last year when 3 billion kroner was taken from this account in September because of the freezing..."

MORGUNBLADID then asked the minister of finance whether the planned credit change because of apartment construction and apartment purchase, would cut investments for lending because of new projects. "This credit change is primarily designed in favor of those who have built and bought during the recent years and are therefore faced with a trial of debts. Because of that, no funds will be cut off the investment intended for new loans," answered Arnalds.

9583

CSO: 3111

INDEPENDENCE PARTY ISSUES WARNING ON FOREIGN DEBT LOAD

Reykjavik MORGUNBLADID in Icelandic 28 Dec 80 p 48

[Article: "Foreign Borrowing Amounts to 562 Billion at the End of This Year: Heading for 100 Billion Trade Deficit in Three Years"]

[Text] /Foreign Borrowing Over 37 Percent of the National Product.

The nation's foreign debt has increased about 320 billion dollars during the last three years, that is to say from the beginning of 1978 until the end of this year. This debt increase amounts to 190 billion kroner when compared with the estimated exchange rate of the dollar at the end of this year. The foreign borrowing this year amounted to 105 billion kroner, which was 20 billion kroner more than was estimated in the credit budget for the current year./

It is now estimated that foreign borrowing amounts to over 37 percent of the national product and the credit payments on the foreign borrowing this year will amount to about 15.2 percent of the nation's income from exports.

This information comes forth in a report which was submitted in the Althing by representatives of the Independence Party in the Appropriations Committee shortly before Christmas.

In this report it comes forth that when the government of Olafur Johannesson took over from the government of Geir Hallgrimsson at the end of August 1978, there was favorable trade balance of almost 8 billion kroner. In the year 1979 the trade balance, however, became, negative about 7 billion kroner, and during the current year it will be negative of about 46 billion kroner. According to National Economic Indicator for next year, it is estimated that the balance of trade will be unfavorable about 40 billion kroner next year. If that happens, there will have been a 100 billion kroner foreign trade deficit in three years.

At the end of this year, long-term foreign debts of the nation amount to 562 billion kroner, and the credit payments, as a ratio of export income, about 15.2 percent. In 1977 these credit payments were 13.7 percent; in 1978 they were 13.1 percent and in 1979 they were 12.8 percent.

Foreign borrowing, as a ratio of the national product, has also increased considerably. In 1977 foreign borrowing amounted to 31.6 percent of the national

product, but this year the authors of the report from the commission, Larus Jonsson, Fridrik Sophussen and Gudmundur Karlsson, estimate the ratio of foreign borrowing to be about 37.7 percent of the national product. According to the estimate of the Central Bank, this ratio would be 34.9 percent, but the three members of parliament think that the "current rate of exchange falsifies the debt situation" and therefore the higher ratio to be closer to the real situation.

9583

CSO: 3111

U.S. STANCE ON TERRORISM VIEWED

Pajetta's Comments

LD051151 Rome L'UNITA in Italian 31 Jan 81 pp 1, 20

[Interview with PCI Directorate member Gian Carlo Pajetta by Ugo Baduel: "Government Must Tell All"]

[Excerpts] The system of distorting mirrors set up around President Pertini's famous remark about international connections "perceived" behind Italian terrorism still stands and is indeed expanding everyday, while the initial remark, inflated and manipulated, in fact seems to have disappeared amid the interplay of reflections.

At the same time the government and the ministers concerned are still maintaining their "political silence," whence stems the serious danger of a deterioration in Italy's image, no less. We discussed this very aspect with PCI Foreign Department Chief Gian Carlo Pajetta.

[Question] As things stand, what are the worst faults of the government and its ministers in this entire matter?

[Answer] I believe that we must demand an explanation from the government, from the ministers responsible for foreign relations and the security forces and--let us be quite frank about this--from the secretaries of the majority parties, who effectively make up a cabinet (because this is exactly the nature of the famous "summit" that meets periodically), rather than presidential declarations. We must demand that they explain why they use the press to cast suspicion, even more than on this or that foreign government, on the Italian bodies responsible for security, which are in effect accused of inexplicable shortcomings or even suspected of tacit complicity. I would add that we must ask why it was considered not only possible but normal to make declarations of friendship and to undertake diplomatic acts with respect to governments and countries one day and the next to implicate them not in something that happened unforeseeably, but in criminal actions and plans that have now been attacking Italy's security for years.

[Question] Let us speak clearly: to which countries are you referring specifically?

[Answer] We have already repeatedly asked Deputy Pietro Longo to substantiate his charges against Libya and al-Qadhdhafi. Since it was not we communists who decided on Minister Manca's recent visit to Tripoli, we must ask the Italian Social Democratic

Party (PSDI) secretary (Longo)--but not only him--why this visit took place, whether there is a government agreement in this connection and whether the minister was instructed on that occasion to ask questions about terrorist matters and about verifying specific charges which in some way affect the government as a whole. Let us move on. Deputy Puletti asks in the PSDI daily L'UMANITA whether or not Forlani will announce to the lower house the reports and information which in his opinion have already been meticulously checked (he even mentions specific evidence) in connection with very grave Czechoslovak responsibilities. Meanwhile we ask the minister politically responsible for the security service who could have supplied European Parliament Deputy Puletti with information kept hidden from the Italian Parliament. We also ask Deputy Pietro Longo why, as secretary of his party, instead of having his newspaper ask these questions or awaiting the parliamentary debate (and even hinting that the prime minister himself could remain silent about this information), he has not already requested and received a direct and prompt "yes" or "no" from Deputy Forlani himself.

[Question] As you know, there has even been talk of "ideological affinities" between Italian communists and Eastern Bloc governments, so as to imply suspicions of, at least, a proximity of interests.

[Answer] I will tell you that I have recently been asked the opposite. In other words whether we communists do not have grounds for suspecting that attempts at destabilization are being made against us by countries or bodies which fear our possible presence in the government as a compromise and as the abandonment of a more "revolutionary" and more "anti-imperialist" policy. So one day they are telling us that we cannot enter government under the threat of the sixth fleet's guns and another day they tell us that the bombs intended to keep us out of government are coming from the East. The grotesque is not funny when it can only be explained by the presumed search for a few votes or the justification that when it comes to communist propaganda anything goes.

[Question] Indeed what we have already seen is above all argument among leftwing parties.

[Answer] Precisely. I am concerned about the deep splits among parties which are working together in so many areas of the country's life--parties which should instead be jointly investigating the grave threats and looming dangers. I think the most serious of these dangers today is that of losing sight of the country's general interests. We are replying to attacks and asking specific questions in the interests of all the citizens but we are not losing our cool. We have confidence that the Italians will demand and obtain clarification and consistency on two questions which are essential to everybody: the defense of the democratic system against terrorism in the domestic sphere and detente and international cooperation in the overseas sphere.

[Question] A final question: Is there a danger that, in line with the statements made by Haig and Reagan, some attempt will be made to challenge the course of Italian foreign policy?

[Answer] The statements made by Haig and Reagan, which, I think, are based on the idea and also the possibility of further interventions in Latin America and the

Middle East, are arousing anxiety at a time when the detente process is already seriously impaired. At this time Europe has an essential responsibility for the resumption of dialogue and for seeking negotiated solutions starting from the negotiations on nuclear arms limitation and reduction which directly concern it. Therefore it would be extremely dangerous for Italy to forget the commitments made to the council and to parliament for a policy of coexistence and international cooperation.

'Real Terrorism'

LD060753 Rome L'UNITA in Italian 3 Feb 81 p 1

[Article by Giuseppe Boffa: "What a Favor to Terrorism if Everything That Reagan Does Not Like Passes for Terrorism"]

[Text] Let us try to understand the meaning of the statements by General Haig, the new U.S. Secretary of State--statements which have been backed up by the new President Reagan, according to whom the struggle against terrorism, or at least against what they define as terrorism, must take the place occupied by human rights issue in the Carter administration's policy.

What did "human rights" mean to Carter? They represented an attempt to provide U.S. foreign policy with a positive ideological support capable of gathering consensus, primarily in the United States, following the disappointments, traumas and failures inherited from the so-called geopolitical realism of the Nixon-Kissinger duo. Let us now leave aside the difficulties and conflicts into which that approach led the Carter administration. It was impossible to ignore the fact, however--and we did not ignore it--that though that ideology did not actually constitute a policy or often conflicted with Carter's actual policy, it did reflect a by no means commonplace ambition--namely to seek among the best currents of American thought a new inspiration more productive than mere anticommunism and capable of gathering mass support both inside and outside the United States.

Haig's statement therefore implies that as far as the new U.S. administration is concerned the "antiterrorist struggle" is taking the place of an ideology, thus presenting itself as another ideology rather than another policy. But what kind of ideology? What do the new Washington leaders mean by terrorism? The "red brigades" kind which we are witnessing? It really does not seem so, since their spokesman include within this concept the resistance fighters in El Salvador and the ones in Namibia fighting South Africa; the PLO, whose right to represent its entire people has been acknowledged by the Atata'if Islamic Summit; the Iranians, with whom they have just negotiated on an equal footing for the release of their diplomats; and last, even the Cubans or whoever sympathizes with them: using the same criterion, some years ago they could have included the Zimbabwe fighters, now in the government, the Vietnamese and the Algerians.

Basically the term "international terrorism," no better defined, is identified with an extremely widespread and complex liberation movement--a movement involving not only communist parties or parties of similar origins, but also much broader national alignments with which, as has already been noted, the socialist international itself, via its major governing parties and its most authoritative

representatives, has sought important political links throughout recent years, especially in Latin America. But that is not all. With the idea that this "international terrorism" is "trained, equipped and financed" by Moscow, we are witnessing the revival of the old and discredited concept of the "worldwide conspiracy" whereby there neither are nor have been any liberating thrusts on the five continents, but only disturbances due to a "hidden foreign hand." And yet they should be well aware in the United States of what a high price they have paid in the past for such a simplistic view of things.

Across the Atlantic some worried voices have already spoken out to say that this implies a return to the language of the cold war and Truman's time, which made the United States the "world's policeman" with all the subsequent disappointments. But such comments merely point to the negative repercussions that it might have on relations with the USSR. And yet this is not the most worrying aspect, because one way or another the United States must in any case seek a political dialogue with the USSR, unless it wants to aim for a general conflict. The new U.S. ideology has alarming implications for relations with the rest of the world, where the liberation movement which Haig dismisses as terrorism now has its states, its governments, its political backing, its influential weight within the United Nations and the other international organizations, its solidarities expressed in a thousand published and solemn documents--in short, a very broad gamut of tools for combating U.S. offensives. The world has changed profoundly since Truman's time, when the majority of today's states did not even exist. Relations with the USSR are certainly the principal problem for the United States, but not the only one.

Nevertheless, one is prompted to wonder whether the new U.S. leaders' approach might at least serve to combat the real terrorism with which we are acquainted in Italy. In fact the contrary seems more likely. All this talk about "international terrorism," as a confused phenomenon in which everything is bundled together indiscriminately, in fact threatens to give the terrorists the status of a political movement, as the "armed party," as a force integrated into a broader context transcending borders, which is not only something which they do not have in Italy but the very thing that they have been desperately seeking to secure--unsuccessfully--by means of all their ransom demands, communiques, interviews and miscellaneous "operational resolutions."

Points extraordinarily similar to those made by Haig have been made during the past few days' polemics in Italy too by the secretaries and press organs of two parties--the Socialist and the Social Democratic. But Italy is not the United States. The latter has its own global policy. When it comes to moving from ideology to diplomacy, it can even change its tune. Some people still believe that sooner or later it will do so. Its principal European allies are already responding to the new U.S. leaders' statements with the same doubts and reservations as Carter's latter policy prompted. Reagan will have to take this into account. But what about Italy? By taking part in this game, a country unable to behave with the necessary dignity and sense of responsibility risks becoming the forward and unprotected pawn in another cold war, the pawn than can be sacrificed at the first opportunity.

We received a humiliating warning of this a few days ago. This blow which the two major powers propaganda forces are dealing to each other are painting a picture of our country as a mere field of battle between secret services. But we cannot lay all the blame on others. Respect must be earned through a rigorous, responsible, autonomous policy of defending national interests. These are all things which we have sought in vain in the Italian Government's conduct over the past few days.

CSO: 3104

'LESS SHORTSIGHTED' POLICY ON TRADE WITH ALBANIA URGED

LD051629 Rome L'UNITA in Italian 3 Feb 81 p 15

[Report by Giorgio Frasca Polara: "'Unusual' Lower House Debate Yesterday: New Italian-Albanian Relations"]

[Text] Rome--What kind of response is Italy making to the insistent and unmistakable signals from Albania for an intensification of economic and cultural relations between the countries? The response is a slow, lazy and intermittent one. So we have been overtaken by a long way by other less close Western countries (France, for instance, and even Sweden) which, especially following the lapse in Albania's special relations with China, have established very close and mutually advantageous relations with Tirana.

A fairly realistic picture of the situation and a lamentable confirmation of the Italian Government's irresponsibility emerged in the lower house yesterday afternoon from an unusual debate (it was the first time in many years that the lower house had discussed relations with a state which, after all, is separated from us by a strip of sea only 70 km wide, across the Otranto Channel) prompted by the foreign trade minister's reply to a number of questions and interpellations from the communists.

Comrade Giorgio Casalino, who presented them, proceeded from a number of frankly disturbing facts. Are we hungry for energy? Well, Albania has a considerable surplus in its hydroelectric output and could supply us right now with 1.5 billion kilowatts a year--and this figure is likely to increase very rapidly.

Of course a Valona-Otranto power line might not be economical now. But what if the Italian-Albanian negotiations for Italy's construction of two new power plants in the neighboring country were to be finalized in the immediate future? In that case it would be good business to start constructing the product (in other words, to start planning it right away). Instead, Socialist Under Secretary Libero Della Briotta's reply was virtually: "When there is more receptiveness, we will think about it."

Another consideration: Is Albania the world's third largest chrome producer? Well, we import less from Tirana than we do even from South Africa, despite the inevitable higher transport costs. Moreover, we are ignoring Albania's large deposits of other minerals--from ferronickel to bitumens and from copper to oil itself. Nor would trade be in one direction only: the Albanians are willing to

counterbalance their exports with Italian high-technology products, in which they are very interested. We are talking about plant engineering and light machinery.

The answer given on this essential point seemed so generic as to reveal a dangerous incomprehension of developments across the Adriatic: there we are, Della Briotta said: Albania still lives in "traditional political isolationism," while on Italy's part there is at least "a permanently open-minded approach (?)" and in any case we will take "every opportunity that emerges."

This, Casalino stressed, is "living on a day-to-day basis" asserted as a tool of political and economic initiative.

It is easy to imagine, therefore how and how much overall Italian-Albanian trade (which now totals \$65 million, slightly in Albania's favor) could increase if our foreign trade minister pursued a somewhat less shortsighted and "spasmodic" policy. As the French are well aware.

In this connection an interesting comparison can be made with regard to cultural relations. Some 100 Albanian students now study in France. Della Briotta drew a source of "satisfaction" from the fact that last year Italy hosted 12!

We have not achieved our goal yet, Casalino replied. You cannot build fertile relations with a country so close to Italy on literally a day-to-day basis, without effectively demonstrating a specific operative will, in the interests of the Italian economy itself and in particular of the industrial apparatus of the south. Or perhaps the Italian Government thinks the same way as duty lower house deputy speaker Social Democrat Luigi Preti, who was in a terrible hurry to end the debate yesterday, because "Albania is a small country and we will not resolve Italy's problems with that country"?

CSO: 3104

TEXT OF DOCUMENT ON PSI REFORM ISSUED BY SOCIALIST LEFT WING

Rome AVANTI (Culture Supplement) in Italian 18 Jan 81 pp X-XI

[Article: "A Proposal From the Socialist Left To Renew Debate in the Party"; at the end of the national convention of leaders of the Socialist Left, which took place in Rome on 10 and 11 January, a document was approved that makes an important contribution by the Socialist Left to the renewal of political debate within the party and to the party's recovering the political initiative. The "text" of the document follows]

[Text] At the beginning of the new year, the international and domestic political situation confirms the appropriateness of the strategy adopted by the PSI [Italian Socialist Party] at the Turin congress and, in particular, the validity of the Socialist Plan and the prospects for a political system based on different programs and alignments. This implies overcoming both the hypothesis of consociative democracy based on great coalitions and the hypotheses of center-left coalitions.

The crisis of governability that besets all advanced industrialized societies and the very system of international relations has been met in many countries of the capitalist West, beginning with the United States and Great Britain, conservative responses and reactionary tendencies.

In Italy, the crisis of governability is particularly grave because of the weakness of state institutions, acute economic contradictions, and growing social disintegration.

It should be added that the spiraling violence and terrorism that continue to shake the country have among their causes the existence of great unsolved political and social problems.

The refusal of politics in its various forms as expressed by the younger generation can be combated only by restoring real meaning to political action by the various parties of the left and by the left as a whole. In a situation of profound political, moral and economic crisis, the Italian left has so far not succeeded in speaking to the country or expressing a credible doctrine and program that would qualify it as left that could serve in government.

The only way out of this crisis is to interrupt the continued moderate management of government, by achieving incisive democratic reforms, and by creating effective instruments for planning and managing the economy.

The Italian left can give an adequate response to these problems only by sticking together in the context of the European workers' movement with democratic, gradualist and reformist methods and by contributing to a political quest and initiative capable of reversing the backward tendencies that have been emerging in Europe.

In a situation of crisis, which is also one of renewal for European socialism, we must not get fossilized in our own particularist cult (as the PCI sometimes seems to) or carve out a little niche for ourselves in the context determined by the conservative tide, as the PSI has sometimes tried to do.

Rather, the PSI should confirm and develop the doctrine adopted by the Turin congress in order to be able to fill adequately the role expected of it in the process of renewing the Italian left and in constructing a proposal for the governability of the country that will be less fragile than what has prevailed so far.

In this context, the Socialist Left intends to contribute to renewed consideration of the meaning and direction of the PSI's political action and make some points that it thinks necessary for promoting the party's political initiative.

It hopes that a broad debate on these questions will help the party regain its unity and programmatic initiative and resume its natural function as a catalyst for a broad grouping for democratic alternatives to the continued centrist management of power.

1. A Eurosocialist Base

First of all, the party must take the initiative in building a Eurosocialist force and program.

There is a triple menace to world peace: the aggressiveness of Soviet imperialism (Europe would inevitably be involved as it competes with American imperialism), the conservative reaction in America and the capitalist West, and the widening gap between the world's North and South. In confronting this menace, Europe represents a potential force for detente, international stability, and peace.

This force is being kept from developing by the nationalistic, conservative policies of the European states.

The socialist and social democratic parties, which constitute the most important political force in western Europe, have not yet been able to formulate a common design for European unity. Their role is decisive for reestablishing a community formed at the height of capitalist growth on the basis of a customs union and now liable to disintegrate because of its inability to meet the crisis of growth with a single plan and policy.

A socialist initiative for the reestablishment of the European Community--extended to include the three Mediterranean countries and open to the other countries of western Europe--should include:

(a) guidelines for a European foreign policy that would be capable of developing its own, autonomous initiative, though in the context of the Atlantic alliance. In particular, the foreign policy of a new democratic Europe should encourage movements for peaceful democratization in western Europe; establish concrete ties of solidarity with the peoples of Asia, Africa and Latin America who are fighting

for independence and freedom against dictatorship and all foreign military intervention; to promote a great plan for restructuring the international economic and monetary order to meet the pressing problems of poverty and hunger and lay the bases for balanced international economic development;

(b) the outlines of a new European Community based on the adoption of common policies on employment, energy, regional development and industrial reconversion as well as on a democratic transformation of Community institutions.

This initiative can be undertaken by the PSI by working towards a Eurosocialist court in which all socialist and social democratic parties of western Europe would take part and that would set a European socialist policy for recasting the European Community.

This initiative is timely in that it would counter the nationalist tendencies growing in some socialist parties, tendencies that are a mistaken response to the conservative challenge of multinational capitalism and the impotence of the European Community.

This initiative will make it possible for European, Italian and Spanish communists, first of all, to express concretely their full independence of the Soviet system and their irreversible choice of the European socialist, democratic camp.

2. A Plan for Democracy

The recent dramatic incidents of terrorism, the inefficiency shown by the government on the occasion of the earthquake in the South, the wave of scandals that has hit the DC [Christian Democratic Party], and, throughout it all, a great part of the system of public power are putting republican institutions to a hard test.

The successes registered in the past year by the forces of law and order in controlling terrorism have not been sufficient to disarm it. Indeed, the police have inadequately managed the struggle against terrorism. They should have tried to coopt groups marginally involved in the armed struggle, to isolate domestically and internationally the remaining nucleus of the BR [Red Brigades], and to protect the democratic and liberal institutions of the state. Rather, the police got special legislation, which has been ineffective and counterproductive both in the area of control (indiscriminate arrests have increased underground activity and favored the unification of subversive groups under the hegemony of the BR) and in the area of the political and ideological struggle against terrorism (restrictions on the exercise of democratic rights have guaranteed the barbarization of the state and civilian life).

The divisions that have arisen among the democratic forces in recent days--divisions that are the most serious consequence of the terrorist challenge--are due to these mistakes and inadequacies.

The PSI should make itself the promoter of renewed political debate between democratic forces and especially the forces of the left on the issue of the struggle against terrorism, and it should oppose in any case further legislative rigidity, such as that proposed by the PRI [Italian Republican Party] in recent weeks.

It is necessary, rather, to restore the authority of the state and especially that of the judiciary to manage with the necessary flexibility a struggle that is complex and difficult; a more prudent management of the prison system is needed, especially since the practice of "differentiation" may favor the BR's recruiting efforts; the international connections will have to be hit, for they must exist; and restrictive measures on freedom of the press and the right to information must be avoided.

In this context, the PSI should endeavor to have parliament discuss the amendments to the Cossiga decrees agreed to so far with the PCI, the PDUP [Proletarian Unity Party] and the Independent Left. This too is a concrete way of reestablishing a climate of debate among the political forces and recalling each of them to its responsibility.

Obviously, the struggle against terrorism poses the more general question of the political and institutional crisis of the republic, and behind it is the crisis of the DC power system. It is a power system that even other parties have an investment in, and that has gradually shattered the capacity for government into a mosaic of feudal clients.

The fundamental cause of this system is Italian political immobilism, a political base with no alternative. This is the political key to the so-called "moral question."

Various proposals have been brought forth recently to overcome the crisis. Some of them tend to overemphasize the role of "technicians" with respect to the role of the parties. Others tend, through the ambiguous formula of government by "honest people," to cast doubt about the PCI's willingness to replace the Christian Democratic system of power with communist hegemony. However, we should not lose sight of the political demand that these proposals, insufficient or dangerous though they be, are intended to respond to: to put an end to the present state of paralysis in institutions and to the disintegration of the state.

A democratic response to this demand involves above all the reestablishment of a correct relationship between the parties, government and parliament; no constitutional reform is necessary to achieve it. Besides, any constitutional reforms that might become necessary to make republican democracy more efficient could be passed only with broad agreement among the democratic forces, an agreement that can be achieved only by returning to correct practice in the existing constitutional context.

It is up to the parties to make the first move to return to constitutional legality by changing their own behavior, in particular by ceasing to arrogate to themselves functions that are properly those of the executive branch and public administration and by dismantling power intrigue, which has come to be the underground government of the republic. Political decisions ought to be made by the government in full autonomy and responsibility, and not by party secretary "vertices." Administrative decisions and appointments to public office--national and local--ought to be returned to the institutional mechanisms provided. Careers in state and state-controlled administrative offices ought to be removed from the horse-trading of political hierarchies.

The parties ought to recover their constitutional role, which is not to occupy the executive branch of the government but to interpret political demand and to translate it into social mobilization and parliamentary action.

In this context, parliament can recover its own centrality as an organ of supervision and legislation by shunning the logic of the power brokers, which has gradually sapped its vitality, and by developing the necessary dialogue with the executive branch, as well as shuffling off rigid majority and opposition roles, which in any case ought not to be decisive in determining parliamentary leadership responsibility.

For its part, the government can resume its role by overcoming its present paralysis; to do so, it will have to undertake a basic, radical reform:

(a) by reaffirming the principle of full responsibility on the part of the president and council with respect to parliament in choosing ministers and in planning programs;

(b) by striving to make the ministries fully functional with a regrouping of presently dispersed functions into a few ministries charged with strategic functions and with the conferring of specific administrative duties to the sector ministries.

On this basis it is possible to seek a political understanding among the constitutional parties to study reforms assuring stability and continuity in government action, possibly through the principle of "constructive distrust," whereby it is not legal to bring down a government unless parliamentary conditions already exist for the formation of a new majority. The requirements of the reform are thus directly connected to those of the full and correct application of the present constitution, which constitutes the premise of the reform, its guarantee of democracy, and its basic credibility.

Any constitutional engineering would indeed be vain and dangerous unless the political and moral bases existed to achieve it. On the basis of a broad understanding among the constitutional democratic forces, however, constitutional reforms can be made to enhance parliamentary power and make possible a greater, more thoroughly effective executive branch and democratic control.

3. A Working Plan

In recent years, economic policy has been characterized by occasional appropriations of money as needed without any coherent strategy.

In the 1970's, governments have demonstrated their inadequacy in meeting the problems of the crisis, of growth, inflation, and unemployment on the basis of conscious planning. The disorderly, inflationary growth that has been the consequence has been described as the creative vitality of the Italian economy and society.

The Italian economy has been endowed undeniably with the ability to organize itself and to adapt to new international market conditions, as has been demonstrated by broad sectors with many small and medium businesses. However, this capacity is not based on a basic restructuring of the productive apparatus with processes and sectors less vulnerable to international competition but on the exploitation of highly risky internal and external market conditions and opportunities. The vitality in these sectors contrasts with the crisis in others, which are dominated by large public and private industry and which are supported and assisted, without any serious effort at restructuring, by an impressive flow of public financial resources.

All that produces a situation of "floating" in our economy, which is due in part to the "chance" of the marketplace and in part to public assistance under conditions of high inflation and unemployment.

This situation might even last for a long time. The problem of the Italian economy is not the risk of imminent catastrophe, although the economic prospects for the new year are getting dim. The problem is that of its ever increasing ungovernability--in the sense that economic control is beyond the means of economic policy--and the slow decay of the economic and social fabric caused by a chronic condition of high inflation and widespread unemployment.

In any case, this process of social disintegration that is being accelerated by inflation, unemployment, and dependency on assistance in this country is unacceptable to socialist parties, which are pledged to an economy pointed toward sober, balanced growth, to a more egalitarian distribution of wealth and income and, especially, to full employment.

These objectives and strategy appear all the more urgent because of the necessity of giving life to a grand plan of reconstruction and economic recovery in the earthquake regions in the context of a general renewal of Southern policy.

In recent weeks, the budget minister proposed a 3-year plan to combine strict public finance and incomes policies with a policy of expanding employment and productive capacity. But there are two implications in this reasoning: the first is that the plan proposes such objectives of development and employment as will get the social acceptance necessary to observe the links between them; the second is that the development of productive capacity and employment be funded with a certain amount of private investment promoted by the government in the context of precise, concrete, coherent programs.

From both these points of view the plan seems faulty. The employment objective is obviously inadequate and is even less than that of the last 3 years. The aid measures cited are not part of a program coherent with the objectives but are a series of administrative financial moves with, at the most, extremely general motives. This comes at the very moment when all public efforts with regard to the South should be rethought and redirected; as the South has been hit terribly by the earthquake, there should be a radical revision of the programs so far developed by the administration. A development program should put first, with concrete pledges and the mobilization of adequate resources, the two, largely coincidental problems of the South's unemployment and underdevelopment.

Under such conditions, planning guidelines are more valid than ever as inspired by the labor plan drawn up by the Socialist Party, provided, of course, it is properly brought up to date, articulated, and extended to meet new national and international economic conditions. It would be a labor plan not limited to defining a context of macroeconomic compatibility within which the feasibility of government action could be verified; rather, it would provide for the new actions and reforms necessary to meeting the objective of full employment. A labor plan is necessary:

- (a) because employment ought to be the fundamental objective of democratic economic policy;
- (b) because an effective program is unthinkable outside of a real agreement between government and unions, which must then assume concrete readiness and responsibility to carry out a plan with such a weighty objective.

The labor plan's practicability presumes a renewal of the means of public and government intervention in the economy and the capacity to enlist the firm support of the business community; the plan would have to be set up on three main bases:

- (a) an anti-inflation, stabilization and recovery plan for public finances, which would include:
 - the gradual reduction in the rate of inflation through policies of income restriction;
 - dismantling the system of assistance to business and families and the creation of internal and external margins for strong investment recovery;

(b) a plan for employment and labor concentrated mainly in the South, including:
--rebuilding mobility margins;
--creating a labor bureau that will take direct charge of the labor surplus and put it to work in training and public works;
--developing an active labor policy; ongoing training, information, job placement, contract adjustments, etc.;
--defining a special program of public investment for the earthquake regions;

(c) a long-term investment program for restructuring industry and the economy, including:
--direct action to reduce the balance of payments deficit, especially in two sectors: energy and food crops;
--direct action to develop productive activity (industry and services) in the South.

4. Renewal of the Party

Democratic effectiveness begins at home.

The Socialist Party has regained its harmony and capacity for political initiative. These are undeniable achievements. They can be strengthened by recreating conditions for basic unity--within which political debate properly takes place--among the various viewpoints legitimately present within the Socialist Party.

The prevalence of the majority's integralist logic, however, can only prejudice the party's political strength and initiative in the long run and engender, as it has already done in part, decay of its inner vitality.

The Socialist Left proposes opening an honest discussion with the intention of reaching basic agreement for the purpose of rebuilding a democratic, open, active, effective party, one that can meet the country's political demand for honesty and effectiveness.

The cardinal points of such a reform would have to involve:

- (a) the continued and active democratic participation by party members;
- (b) opening up the party by means of a new territorial organization that would make it possible to have direct contact with the movements active in society;
- (c) reorganizing the central offices as a sign of collegial political leadership, which would work with new centers for research, training and planning;
- (d) broadly decentralizing organizational responsibility by enhancing the authority of the regional committees and giving them directly a relevant part of public financing.

The PSI will also have to work toward achieving incisive reforms in public financing of the parties, in the right of access to radio and television broadcasting by the RAI [Italian Radio Broadcasting and Television Company], and in the area of incompatibility between elective and administrative duties. These reforms should be designed to enhance as much as possible the mobility of the political class, the decentralization of centers of political opinion formation, and the greatest possible articulation of channels for participation and associative structures. Indeed, the reform of the party cannot leave out of account the reform of all parties, which, we repeat, is essential if we are to respond democratically to the institutional crisis threatening the republic.

5. An Initiative for Industrial Democracy

The PSI ought to develop its strategy in concert with the world of labor. The union movement is going through a rather profound crisis.

Conservative forces are attempting to call into question the relationship of forces that was established in Italian society with the struggles of the 1960's and 70's. This attempt is facilitated by the fact that the relationship of forces has produced neither new political relationships--because of errors in strategy made by the parties of the left in recent years--nor new institutional relationships among the social parties. The elusiveness of the theme of industrial democracy, on the one hand, and the lack of a government planning policy, on the other, have forced the unions to defend their conquests in rigid terms and prevented the development of a more incisive function with respect to the economic and employment crises.

A profound change is taking place in the productive base and in the very composition of social classes. In fact, the difficulties that the union is having now are due in large part to the fact that it is still the union of big business. Thus, big business is in trouble.

As a consequence, the movements that arise in dynamic, profitable companies are liable to be lost to the union; at the same time, it does not succeed in representing entirely the interests of workers in small and medium businesses nor in decentralizing productivity.

In big business, the number of technical and specialized people is increasing. This is causing a substantial change in the distribution of the working class and, thereby, in its composition. At the same time, young people and women have attitudes far different from those of the past in the confrontation of labor and management. The union ought, therefore, to succeed in representing all the issues facing labor and to consider them along with the needs and demands coming from its new constituency.

In addition, the working class remains an essential, irreplaceable element of a vast reformist alliance made up of the country's essential productive forces: the working class, advanced sectors of medium and tertiary rank, innovative fields in the industrial world, and the managers. Only a reformist alliance not cut according to a third-force pattern, i.e. excluding most of the working class but based on working-class ideology, can undertake the renewal of the state and the planned reconversion of the productive system that can be the social, political and planning platform of a strategic alternative to the Christian Democratic system of power and to the DC itself.

A socialist initiative in the union movement must begin with these facts to promote change in the organization and policy of the union, change that will defend and consolidate the achievements of the world of labor by opposing any attempt to restore the old power balance and by refraining from making secondary proposals to "normalize" the union movement.

This initiative should be developed at two levels:

(a) by participating in the debate taking place in the European union and labor movements as well as in the Italian ones, on the themes of industrial democracy and the labor supply as planning strategy for development and the redistribution of power in business and in society;

(b) by defending the structure of the councils, which are considered the sole bargaining agents on working conditions and on control of the companies' production program, thus superseding assemblyism and defining a possibly more rigorous regulation of electoral procedures and the means of determining the will of the workers.

By starting with the actual problems of the crisis in the union movement, it is possible to put forth a concrete new plan for unity that is and ought to remain the main objective of socialists. It should confront traditional political divisions and the contradictions present in the working class, contradictions based on social, productive, geographical and generational discrimination.

Relevantly, contrasting tendencies are emerging in some sectors of the PCI and the CISL [Italian Confederation of Labor Unions] either to introduce new forms of collateralism or to open up an argument intended to lock the union in the position of the party most strongly represented among the working class. The response to this tendency is not to organize a socialist union but to reopen a political battle for the autonomy and unity of the union.

6. The Proposal of the Socialist Left

By proposing these five policy initiatives, the Socialist Left intends to make an essential contribution to the party so that it may adequately fulfill its tasks and duties.

This being the case, the Socialist Left holds that the renewal of political debate within the party cannot be delayed if the crisis of validity in the present political context is to be overcome, that is, the crisis affecting the platform passed by the Central Committee majority on 3 October. Since then, the situation has profoundly changed. The DC's preamble majority is in crisis. The strategy of historic compromise is being superseded in the PCI. New and interesting ferment is taking place in civilian life. Faced with the seriousness of the country's problems, the government has so far maintained a level of governability that is low by any standards. In this context, the PSI cannot stand still. But it cannot rely on its own tactics of silence, either. Immobilism would be rewarded by the de facto acceptance of a new period of subservience to the DC and its power system, which, in its crisis, does not tolerate forms of competitive collaboration such as the PSI has so far endeavored to achieve.

The tactics of silence is liable to bring about another dissolution of parliament and new elections that may make the institutional crisis irreparable and that would, in any case, increase the confusion in political relationships. Rather, it is urgent that the PSI take a strong political initiative to hold a referendum on abortion to defend the substance of the law and to bring back together, with timely legislative initiatives, the lay-left coalition that won the divorce referendum in 1974. Indeed, it would be extremely serious to think of resolving the issue with recourse to the elections anticipated. This means that socialists will have to come to an understanding on these issues.

The majority's actual political conduct and declared positions still contain a basic uncertainty or ambiguity concerning three possible strategies for party policy: alternation in government leadership, the democratic alternative, and, on the left, the center-left. All three positions can be found in the sometimes inevitable oscillations that party policy has gone through in recent months. The Socialist Left is for the construction of an alternative to the DC centered on but not exclusively limited to the coalition of the left. If it is to be achieved, the alternative must rely on

a pluralistic social and political coalition. This requires that the PCI make a coherent choice in terms of the European left, a choice that will fully clarify both the strategic significance of the democratic alternative and the announced renewal of the structure and concept of the party. Indeed, the confrontation over strategic political and programmatic problems now open between the PSI and PCI should be fully developed, because it may lead to conditions for making convergent choices of strategy.

The PSI must again make itself capable of carrying out the long-term strategy established by the Turin congress. Under present conditions, this means:

(a) making a contribution to making the country effectively governable to the measure of the seriousness of the crisis; in the center and on the periphery, in the institutions and in society, the PSI must turn its efforts to involving in this task in various ways and at various levels all democratic forces and especially the forces of the left, even if it means disregarding their respective parliamentary affiliations;

(b) putting before the legislature the objective of a renewal of the government's political leadership, primarily by interrupting Christian Democratic continuity and by taking the initiatives necessary to involve in this attempt lay forces and others of the left;

(c) increasing relations with the Radical Party, the PSDI [Italian Social Democratic Party] and the other forces of the lay left for the purpose of a broad restructuring of the Italian left and the building of a left democratic alternative;

(d) intensifying contacts with the PCI over the issue of forming a government of the left, furthering the European labor movement, renewing planning policy, reforming the state, making a more coherent and definite review of the position of the European left, and acting as a spokesman to affirm a democratic alternative policy in the crisis of the historic compromise.

Both the PSI and PCI will have to undergo a process of complete renewal to affirm the strategy of the alternative.

The Socialist Left holds that an open political debate on these issues and others of like import must be the necessary premise to the opening of party congress debate and even to taking positions within the congress. Indeed, the next PSI congress can and ought to be the place where the strategy of the preceding congress is extended in unity. But it would be quite a serious matter if it were the occasion for ratifying a reversal of policy or even purely and simply for the congress to sanction a majority formed in the absence of thorough political discussion. In the first case, the Socialist Left will make a constructive contribution to unity; in the second, the fighting will be hard and bitter.

8782
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PVDa PREPARES FOR FEBRUARY ELECTION CONGRESS

Rotterdam NRC HANDELSBLAD in Dutch 15 Jan 81 p 3

[Article by Marc Chavannes: "By and By Still a Spot for Den Uyl"]

[Text] In hundreds of places in the Netherlands, citizens are devoting a free evening this week to democracy: members of the PvdA [Labor Party] who are preparing for their party's election congress (26, 27, 28 February) at branch meetings.

What kind of an impression is the fight about tactics which the party leaders have conducted in recent weeks and months making on them? What do they think about their party's chances of being responsible for the government in the next term? In the Amsterdam-South II and Pijnacker branches, the party executive committee and the leading candidate Den Uyl sometimes seems to be the most formidable opponents of the common people.

Pijnacker-Amsterdam, 15 Jan--"However we may talk, war is coming. What the IKV [Interchurch Peace Council] says is a cry of distress and what Den Uyl wants is also a cry of distress. What else can you do to end that idiocy? It certainly does not help, but what must you do as a common man? We have nothing to do with the whole business. The two world powers really ask nothing of us, if those things blow up."

South Holland Pijnacker, an old, established agricultural community with considerable new construction and an import community connected with it, lies among hot houses, canals and fields. The village has over 10,000 inhabitants, with a strong CDA [Christian Democratic Appeal] following. Of the 13 town council seats, 2 are in the hands of the PvdA, which has 120 members here--18 of them met yesterday evening in the Akker building regarding the coming congress.

The somewhat older man in the black cardigan who uttered his cry of distress about 0930 hours got a response from the congress delegate

whom Pijnacker had already designated earlier: "Something has really changed in recent years. Citizens have baffled trained police. Labor in England also favors the use of nuclear power.

The chairman agrees consolingly: Your cynicism is understandable. Vote, but you still must continue to see a spark of hope.

The conversation in Pijnacker is a continuation of earlier meetings where a strong position was taken. In September of 1980, an amendment was introduced for the coming congress which demanded all nuclear weapons be out of the Netherlands, within a governing term of 4 years, the line which the IKV propagandized.

Most of those present now think otherwise about it, but recent developments require a new approach. The party executive committee proposes as a compromise, eliminating four to five nuclear branches from the Dutch armed forces in the coming period; Den Uyl will not take part, if the party wants to go any further. Moreover, the party executive committee trio Reckman-Van der Gaast-Rottenberg proposed the day before yesterday in the VOLKSKRANT a new variation between the executive committee's compromise and the everything-immediately-out of the way-point of view. It reads approximately as follows: The Netherlands will be free of nuclear weapons, not in 4 but in 8 years, but then without considering whether other countries follow our example or not.

A Spot

In the discussion in Pijnacker, the younger people do not seem to be "more leftist" than the older ones. A responsible looking member of Den Uyl's generation comes out hard: "The entire discussion has been conducted in a disgusting manner by parliamentary group, party executive committee and press. It is presented so that everyone must think that it is not possible without Den Uyl. By and by we still are going to enter the elections with a spot for Den Uyl. He is a powerful politician, but still a party has never perished because the leader retired. I would like to support our position, but I may no longer be able to do that because of the greediness which develops at the congress."

Just before the voting, the youngest person present, Bert, speaks: "We must certainly enter the government. We must make that clear to the voters, if we remain outside of it, the opposite of what we want happens."

Their own branch amendment (everything out the door in 4 years) was rejected by 12 to 5, after which they expressed themselves in favor of the recent intermediate proposal of the executive committee trio (all nuclear branches out of the Netherlands in 8 years) by 11 to 5 (with one abstention).

Den Uyl's problem with the proposal, namely that it does not take into account what important countries around us are doing, was swept from the table by the congress delegates: "After 20 years of fruitless discussion of disarmament, we consider unilateral elimination the most effective. Waiting for the result is not possible, it may be necessary to wait perhaps 5 or 6 years for the outcome. The area free of nuclear weapons which is appearing in northeastern Europe is hopeful enough."

Strategy

The Amsterdam-South II branch met the evening before in the long pier church hall in Govert Flinck Sreet and reserved the rolling of nuclear and executive committee heads for the middle of February. The subject here this week was strategy and party involvement in the coming period.

This Amsterdam inner city branch, which at previous congresses, among other things, exerted its influence vigorously through the present Amsterdam alderman, Walter Etty, got a substantial response in its excursions in high level politics. No less than three members of the party executive committee listened to the congress delegation's proposals for radical changes: there were branch associates, Ed van Thijn (deputy chairman of the second chamber group), Maarten van Traa (secretary foreign affairs) and Felix Rottenberg (former youth chairman.)

How unfathomable the famous six points of controversy are, with which the PvdA enters the elections, was clear from the discussion lasting from 8 to over 11 hours of some five party members. The points of controversy do not constitute any "minimum program" as party chairman Max van den Berg suggested during his own election campaign, but still the points of controversy must also be "essentially" achieved.

According to someone like Felix Rottenberg, they are inflexible points and there is a bottom built in the points of controversy: the so-called minimum points. Executive committee member Van Traa comes after that with "a brief explanation of what Felix says." He explains that the problem of the points of controversy is that not every subject (for example, social-economic policy) allows itself to be defined just as precisely as some other points (nuclear energy and nuclear weapons).

The branch is not in favor of any six, but for example, advocates deciding on three genuine, firm, minimum program points. Finally it will still come to a large number of editorial changes in the party executive committee's points of controversy. Better abortion legislation is added to it as a seventh--other than Den Uyl recommended.

Importance

Ed van Thijn, as a negotiator in the previous cabinet formation and chairman of the party democracy committee, must bring his influence into play on all points. Otherwise South II would have certainly decided on a minimum program and a greater preference for a minority cabinet.

Now the damage is limited to a proposal to allow "continuous voting" about the principles of the party and the parliamentary group to take place during the formation period. For this purpose regular meetings of the party council must be convened, at which the policies followed must be discussed (Van Thijn can still support there the policies to follow). Moreover, the party executive committee--learning wisdom because of the result of the previous formation--proposes allowing the party council to pass judgment only at the beginning and end of negotiations. Van Thijn: "Otherwise the negotiator is always taking responsibility for negotiations for which he has not had any time at meetings with the party executive committee and the party council. South II wants, in vain "not to blame the party council for the mistakes which were undoubtedly made." Such is the situation.

The next negotiator has much to do at the coming congress. However erratic the results may be, they certainly have something to do with democracy.

8490
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NECESSARY PRECONDITIONS FOR SUCCESS OF BALSEMAO GOVERNMENT

Lisbon EXPRESSO REVISTA in Portuguese 24 Dec 80 pp 2, 16

[Article by Marcelo Rebelo de Sousa]

[Text] Four days ago we commented that it was very likely that the government would find itself still far today from its definite structure, so that it could indeed be said that the procession was still in the church square.

However, Francisco Pinto Balsemao seems to have made good use of last weekend, from what can be deduced from the reports, and there is every indication that the prime minister appointed has his governmental team almost complete, at least on the ministerial level.

As in many cases the staffs of the secretaries of state will not differ much from the preceding ones, a government can perhaps be announced to the country in the course of the week now beginning.

At that point (more precisely, on 3 January, the publication date for the next issue of EXPRESSO), we will analyze the structure and the individuals chosen by the new prime minister.

For today, and as we promised 4 days ago, we will continue to assess the seventh basic prior conditions which the Seventh Constitutional Government must meet as basic prerequisites for its effective launching.

We have already mentioned two of the seven conditions regarding the formation of the government: its organic solidity and the effective efforts of the political forces of the AD [Democratic Alliance] in making it concrete and converting it into a strong government; the maintenance of the basic aspects of the strategy of the executive branch which preceded it, which were mainly responsible for the electoral triumph on 5 October--with stress on the economic and financial policy and the social policy.

The third condition we mentioned in the preceding issue of EXPRESSO had to do with the firm support and active solidarity of the PSD [Social Democratic Party], without which the government would lack a fundamental base of political support, since the PSD represents the most powerful partner within the AD, and the most outstanding element in the parliamentary majority.

This support and solidarity must be experienced from the summit to the base, and it cannot be merely the fruit of cloakroom agreements or personal negotiations.

The PSD, and all of it, must perceive that the failure of this government would in itself be doubly serious.

It would be serious because it would represent a vast disillusionment for the electorate which cast its lot with the AD proposal on 2 December 1979 and 5 October 1980, and which might in such an event abandon the conviction which led it to choose this majority on the basis of the competence and efficiency it thought it would be able to impose on its government.

And it is doubly serious, because Francisco Pinto Balsemao, apart from being the prime minister of the Seventh Constitutional Government, is also president of the PSD. The failure of his government would be the failure of the president of the PSD. While it is not the usual routine for any party to change its president whenever a governmental failure occurs, neither is it very practical to keep as the president of a party a personality who has just experienced a resounding failure as prime minister (one thinks of the hardships suffered by Mario Soares as secretary general of the PS [Socialist Party] since July of 1978).

But if it is true that the seventh government must rely on the firm and decided support of the PSD, understood and assumed by its national, district and municipal leaders and also the base levels and its electorate, it is equally true that Francisco Pinto Balsemao must follow the line of Francisco Sa Carneiro, when it comes to concern with not yielding to easy promises to make of the executive branch a repository for social democratic barons.

Indeed, it might be tempting for a prime minister less strong than Francisco Sa Carneiro to provide each and every one of the PSD barons with a Christmas treat, i.e. each and every one of the personalities who helped to build the party and who feel they are entitled to a ministry or a secretariat of state.

On this point Sa Carneiro was very clear--one cannot put compensation for party services or the acquisition of personal support on the political level above consistency in the government.

It is plain that Francisco Pinto Balsemao has had to be a little more flexible than his predecessors, in particular by appealing for the support of certain social democratic leaders who, left to themselves, might be a threat to the government.

But there are limits to everything, and the Seventh Constitutional Government cannot serve, where the PSD is concerned, as a kind of honorific "general" to calm and obtain the acquiescence of all those who regard themselves as important within the party.

Otherwise it would risk becoming the object of public derision.

A fourth condition for the success of the government which will take office is the certainty that the CDS [Social Democratic Center Party] and the PPM [Popular Monarchist Party] support it heart and soul, free of any danger that it will support it to its face while regarding it, behind its back, as stillborn.

To this end, Pinto Balsemao will have to include in his staff choices outstanding national leaders of these two parties.

For those who recall the experience of the PS/CDS government, and except for the existing differences, which are considerable, the ideal thing would be for Diogo Freitas do Amaral to have a government post.

But since this is not possible, at least the following two prerequisites must be met:

The CDS must have practically all its main national political figures in the government, in addition to Freitas do Amaral, which would consistently prove that the party is prepared to involve itself in the fate of the executive branch; and

A political position must be found for Diogo Freitas do Amaral consistent with the role he played in the genesis of the AD and his influence within the CDS, which is to say, indirectly, his influence on the future of the government itself. The logical thing would be if in the January summit, the AD were to approve an organic structure including a collegiate organ of the higher council type, elected for a given term of office (for example, a year), with Diogo Freitas do Amaral as the first president of this council. As of October 1981, Freitas do Amaral could possibly become president of the Assembly of the Republic.

Obviously, all of this would entail sacrifices on the part of the PSD, but it must understand that certain sacrifices are necessary if the experience of the 2nd Constitutional Government is not to be repeated--then, among other things, it took Mario Soares too long to understand the position which must be assumed by the president of the CDS, and when he did, the government had already fallen.

As to the PPM, it is also very important that it see its role as a full partner in the AD recognized in the formation of the government, specifically with the allocation of the ministerial posts, which, moreover, there is every indication was also within Sa Carneiro's plan for the reorganization of his government.

A fifth condition which should characterize the new government is the existence of a certain creativity, of some imagination, not affecting essential sectors inherited from the preceding executive branch, but proving that the new prime minister and the team supporting him are capable of pursuing new paths in political and administrative areas as yet little explored.

This is the case with administrative reform, which was a kind of poor cousin for the last government, and which cannot be dealt with solely by the discussion of the wage demands of government employees.

This is the case with environment and quality of life, of such concern to European society, but only now beginning to be discussed among us.

This is the case with the cultural sector, which clearly merits a citizen's forum.

This is perhaps the case with fishing and water resources.

Imagination is not only tested on the level of creating new government structures. It may be that it is also reflected, and it would be good if this were the case, in the elimination of presently existing departments.

This is the case with mass communications, which should cease to be a secretariat of state.

For a long time we have urged that the courage be found to take this basic step, comparable moreover to what is happening in most of the European democracies.

Will the fact that a renowned journalist holds the post of prime minister make it possible for this step to be taken, or will this matter once again be postponed?

A sixth condition has to do with a broadening of the political spectrum represented by this government.

Obviously it is a question of the spectrum corresponding to the Democratic Alliance, a spectrum which, moreover, does not come down to the arithmetical sum of the three parties which comprise it.

There are important independent sectors, which play an important role within the AD, and which cannot be ignored by the government which will be established.

As is obvious, it is not a question of promoting independents only because they are independents, nor challenging the basic role of the political parties which make up the alliance or the balance among them.

It is a question of giving access to the government to figures without party alignment, provided that their prestige and competence justify it.

Moreover, it would be well for the AD to realize that in order not to die it must also pursue support for its line of thinking by new political sectors, on the one hand, and that on the other, it is preferable that this expansion occur without violence or more or less opportunistic support of the parties which make it up, as a means of political advancement or personal assertion in this period of crisis.

Finally, it is important that the government devote proper attention to its public image--the image which is presented in the news, but also and above all in the contacts it must maintain with the various political sectors supporting it or opposing it, and with the various economic and social sectors, above all those which do support it.

In Portugal, as we have already said many times, many politicians make the error of ascribing greater importance to what the press organs report about them than to what in fact they are doing.

We will never forget that scene which occurred in the Assembly of the Republic during a basic political debate, when Mario Soares spent a large part of the afternoon reading the newspapers he had obtained, in order to see what they said had happened in Sao Bento, instead of devoting attention to the plot of a drama in which he was one of the main living protagonists.

Certainly news is essential in a democratic society. But let us not exaggerate.

As important or more so, for any government--and the new government is no exception to this rule--is the atmosphere of dialog which can be established with the basic social and economic structures, from the trade unions to the employers, from the cooperatives to the farmers' associations, from the local self-governing bodies to the most widely various forms of associations on the base, cultural, recreational or athletic levels.

And we must not forget, obviously, the institutional dialog with special importance for the political parties.

A last comment remains to be added, and it has to do with the youth.

One of the strengths of the AD in 1979 and 1980 was the youth force, in particular the young student population in the urban centers.

It is to be hoped that this government will have the intelligence and foresight not to overlook this sector, and to understand that the future involves this youth sector, as it does all others, as an increasingly important function in the widest range of labor zones in our country.

It is to be hoped that this government will know how to make a commitment and to achieve something for this youth sector.

So that it can be a government of the future, a government of hope, oriented toward the decade of the 80's. So that it will not be an expedient government, designed to fill a gap, to patch the situation, to extend the twilight.

5157

CSO: 3101

ANKARA EVALUATES GREEK EEC ENTRANCE

Istanbul CUMHURİYET in Turkish 22 Dec 80 pp 1, 7

[Article by Sedat Ergin]

[Text] The acquisition by Greece of full membership in the European Economic Community during the month of January, signals the emergence of a new factor that could influence in various ways future relations between Turkey and Greece. As the volume of trade between the two countries remains at a merely symbolic level, no economic questions are expected to arise at this time. It has however been observed that Ankara is primarily concerned with the political dimensions of the event.

From now on, Ankara will have to face a component of the European Economic Community in the course of its relations with Greece. Greece will be participating in all of the organs of the Community including the Council, will have veto power, and will be in a position to request information from Turkey within a framework of political consultation. Greece will have a say in decisions affecting the Community's relations with Turkey. What will be Greece's attitude towards her neighbor, given the serious disagreements that exist between the two countries in what concerns the Aegean Sea? Will Greece exercise its veto power in matters that involve Turkey? Will Greece use full membership as a trump card against Turkey? From Ankara's vantage point, legitimate questions such as these are raised by Greece's entry into the Community. Realistically, it can not be denied that Greece has obtained several political advantages vis-a-vis Turkey.

In spite of this, it is significant that as Athens prepared to enter the Community; a thaw exists in its relations with Ankara. Athens has adopted a cautious policy towards Ankara and refrains from acts that would adversely affect the relations between the two countries. According to some observers, this policy is designed for the purpose of countering the rise of any impressions that Greece intends to bring into the Community the bilateral issues that involve its relations with Turkey. The Community has in the past warned Athens concerning this matter and Greece has for its part given assurances that its full membership will not be exploited through colder relations with Turkey. To this day, the Community has strived to remain not involved and neutral in matters that arise among Community members or between Community members and third party states. Undoubtedly, the Community will be careful to integrate Greece within its framework, and at the same time maintain Turkey's allegiance from a safe distance.

Community officials have stated that it is unlikely for Greece's entry as a full member to create any problems for Turkey. It is important to note however that the guarantees we have listed are valid only for the "present". The policy that would be adopted by Greece in the event of unpredictable changes in the present situation can not be foreseen. It is clear that any attempt by Athens to drag the Community into confrontation with Turkey over certain issues would generate serious tensions in Turkish-Greek relations. In his meeting last week in Brussels with Foreign Minister Turkmen, Greek Minister of Foreign Affairs Mitsotakis stated that they would not bring bilateral issues to the Community. For the moment, Ankara has no choice but to accept Mitsotakis' words at face value. We trust that this confidence will not be undeserved.

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FINANCING FUND ENVISIONED FOR INVESTMENTS

Istanbul MILLIYET in Turkish 22 Dec 80 p 6

[Text] The National Security Council's Bureau of Budget, Planning and Financial Affairs is currently considering the statutes that concern corporate taxes and has proposed the establishment of a "financing fund." This would be carried out by an addition to existing corporate laws. The proposal would allow companies and cooperatives to divert into a fund any finances earmarked for investment. Monies deposited into such financing funds would be deductible from corporate profits but would have to be supported by an investment rebate certificate. The establishment of a financing fund would remain as a valid transaction for only as long as the period of investment indicated on the investment rebate certificate. Additional requirements affecting financing funds have been listed within the proposal as follows:

- 1) Designated financing funds are not to exceed 25 percent of corporate taxes owed or the sum represented by a specific investment.
- 2) Financing funds must be deposited into an account at the Central Bank in the form of state bonds that are convertible into cash at any time.
- 3) Withdrawal certificates prepared by the State Planning Organization must be used for making withdrawals from accounts at the Central Bank. Withdrawals made during any one year period must not exceed actual deposits.
- 4) Financing funds designated from the net corporate profits of an immediately preceeding year will be assessed for corporate profits at the end of an investment cycle [as published].

Corporate taxes stand at 25 percent at the moment and have been proposed to the National Security Council in the form of two alternatives amounting to 40 percent and 50 percent respectively. Each alternative has been supplemented by an evaluation of the burden that it will impose upon taxpayers. Regardless of the proposal that is ultimately adopted, the burden assumed by the taxpayer is not expected to increase significantly. The absence of any significant increase can be attributed to changes in corporate tax law that remove stipulations permitting the withholding of corporate taxes (by the government) and that restore the concept of a tax refund.

These changes were adopted alongside modifications brought to the law on personal income tax. The new law on corporate taxes will give the Council of Ministers the authority of lowering to zero any deductions made from intermediate as well as long-term credits obtained on international money markets. In another change, article 13 has been made to read as follows: "Stipulations in income tax law concerning maximum average profit and minimum net income are also applicable to individuals who pay corporate taxes."

Changes brought to article 11 of the law on corporate tax, redefine rate schedules for corporations that are subject to limited liability in the payment of this tax. The new schedule for tax liability outlined in article 11 reads as follows:

- 1) A 30 percent tax on wages,
- 2) A 30 percent tax on income derived from independent occupations,
- 3) A 25 percent tax on income from property and capital,
- 4) A 30 percent tax on income derived from movable goods if such income can be classified within stipulations outlined by article 75, sections 5, 7 and 12; a 20 percent tax on income derived from all other movable goods,
- 5) A 35 percent tax on income derived from the sale and transfer of copyrights, concessions, patents, brand names and trademarks.

Article 22 of the law on corporations has been changed to read as follows:
"Taxable income earned by foreign corporations subject to limited liability must be declared in writing to the tax office by the corporation or a person representing the corporation within 15 days if such income consists solely of advalorem and incidental returns."

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OZAL EVALUATES 1980 ECONOMY

Ankara YANKI in Turkish 5-21 Dec 80 pp 16-17

[Interview with Turgut Ozal, Assistant to Prime Minister for Economic Affairs]

[Text] Turgut Ozal who is Assistant to the Prime Minister for Economic Affairs has answered YANKI's questions:

YANKI: When you began your work in early 1980, what were your impressions of Turkey's economic situation?

OZAL: Starting with petroleum, certain goods were in short supply. The inflation rate was in excess of 80 percent. Given the trend of the last few years, if unchecked this rate would have reached 120 or 130 percent in 1981. Reserves in foreign currency had decreased. In keeping with a promise to the International Monetary Fund a currency devaluation was being anticipated.

YANKI: What do you think was causing inflation?

OZAL: There had been an excessive reliance on the resources of the Central Bank during the preceeding two years. The poor conditions within State Economic Enterprises were well known. Inflation was accelerated by the fact that the budget was not founded upon solid sources of revenue.

YANKI: What did you perceive to be the way out of this situation?

OZAL: There was only one way out. Very tough measures had to be taken to prevent inflation. Demirel also agreed with this. Had he not agreed, he would not have accepted the measures. We were unable to say anything about what would happen in three or four months and yet we had to make certain promises. We could bear the shortages and we had to continue with the belt tightening process. We absolutely had to bring down the rate of inflation.

YANKI: You saw inflation as the greatest threat...

OZAL: Yes. Turkey could not have withstood an inflation rate of 150 percent. Turkey is not a South American nation and could have disintegrated. Such a situation could have led to disintegration. We saw the greatest threat in inflation and decided to hold it down.

YANKI: How did you think you could achieve this?

OZAL: Once the decision was made the course of action was not very complicated. The excessive subsidizing of the State Economic Enterprises had to be discontinued. Prices for certain goods such as petroleum had to be brought to realistic levels. The money supply had to be kept under control and excessive reliance on the treasury had to be avoided. Also, there was an immediate need for cash and money had to be found.

YANKI: How much foreign exchange did you have available?

OZAL: We had 190 to 200 million dollars that we had gotten from the IMF and 95 million dollars left from what the Republican People's Party had obtained from the United States. These funds however, could only be used for the purchase of petroleum. We also received some German credits for the bridge. As you will recall, I immediately went on a trip. We had to find one billion dollars. We asked for this amount but could only get 600 million dollars. This was what worried me the most. We could not find as much as we needed because confidence in Turkey had dropped.

YANKI: Well, was this money enough?

OZAL: As I said, this was my greatest worry. We immediately set out to purchase petroleum. The petroleum we bought kept on disappearing into fuel tanks. While we were thinking about what we could do at this critical juncture, our concerns suddenly dissipated. The market was reassured on the petroleum question and a sudden relaxation ensued. Once this critical point was left behind during the month of March, the resources we had at hand proved to be sufficient.

YANKI: How were waiting lines eliminated?

OZAL: To a large extent, waiting lines were being caused by the allocation of goods produced by State Economic Enterprises. As these goods were sold for prices below market value, they remained in high demand so that a mere allocation in such goods would bring high profits. The same thing could be said for many other goods that were produced by the private sector and that were subject to price controls. With the lifting of price controls double pricing disappeared and there were no longer any people who applied for allocations. Waiting lines disappeared.

YANKI: What happened to the inflation rate?

OZAL: The fight against inflation is not easy. The inflation rate in developing countries is always several times the rate in developed countries. In our country the exact rate of inflation is the cause of great debate. Indices differ and formulas (to determine the rate of inflation) remain outdated. Nevertheless we manage to conduct approximate calculations by relying on these.

YANKI: What indices do you rely on? How are the calculations made?

OZAL: Let us consider the Cost of Living Index for Wage Earners prepared by the Istanbul Chamber of Commerce and the Ministry of Commerce Price Index for whole-sale goods. According to the Chamber of Commerce Index the rate of inflation for 1980 is at 58.9 percent or 63 percent at its highest. According to the Ministry of Commerce Index, this figure could be as high as 92.9 percent. In fact, calculations should be based on the one year period from April 1980 to April 1981. Following the decisions reached during last January, inflation rates for January, February and March were determined by price adjustments. The inflationary trend was brought about when previously existing yet unofficial prices were made official and began to appear on the indices. For instance, meat sold for 240 liras on the open market while its official government price stood at 60 liras. An April to April calculation would yield an inflation rate below 40 percent.

YANKI: Are there no other ways to measure inflation?

OZAL: Yes there are. One could look at whether or not people are shunning money. If money is being shunned by the population then that is an indication of inflation. Currently, money is not being shunned. We have introduced State Bonds that have been met with great interest. Confidence in the State has increased.

YANKI: In fighting inflation are you keeping the money supply under control? What is the current rate of increase in the money supply?

OZAL: This figure is usually available only after some delay. However we are aware of the emission numbers which in themselves constitute the most important factor in matters involving the money supply. I follow these numbers. Emission numbers are very closely linked to prices. We saw this link during the Month of October. A single misunderstanding brought about emission increases beyond our expectations. At all times we remained below the limits set by the International Monetary Fund. Yet, a 20 billion lira excess in emissions was caused by an economic expansion following the harvest. This resulted in price increases. We immediately reduced this (?) during the month of November. At the end of the month it fell to 280 billion (liras) from a previous high of 300 billion (liras). It will stand at 280-285 billion (liras) at the end of December.

YANKI: What kind of effect has this situation had on inflation?

OZAL: While there had been a jump during October, the market is now faced with a currency shortage. The fight with inflation is long and difficult.

YANKI: Complaints from the private sector increase at times when the money supply is curtailed. Yet at the same time they want an effort to fight inflation.

OZAL: There are going to be complaints. Ethical business circles however are saying "While we are losing money, there is no other solution." They say this because they have seen much worse.

YANKI: What was the effect of decontrolling bank interest rates?

OZAL: Actually interest rates had always been high. For various reasons banks have been charging their customers high interest rates. As a result, while savings were not being encouraged inflation contributed to the increase in deposit levels. The accumulated money remained below the sums needed by the economy. This situation even led to the payment of bribes for the purpose of obtaining credit from the banks. Through taxes on spending and the use of funds we managed to raise interest rates on credits extended by the banks. At the present, the taxes and costs affecting the credits that they have been extending are close to 50 percent. As a result of this, many merchants and craftsmen are being forced to avoid borrowing and to use their own resources. This leads to an increase in capital and to stronger economic health.

YANKI: Before that, people who saved were being given low interest rates and were being taken advantage of...

OZAL: Savings can only be encouraged through attractive interest rates. In the past, business owners would purchase property with their own money and use the public's money as a source of cheap credit. By now this practice has disappeared. Turkey is in the midst of great structural change. Perhaps such change should not have been introduced so rapidly. The unexpected rise of petroleum prices forced our hand. Perhaps this was a good thing.

YANKI: What about the societal changes generated by such rapid structural change? The explosions, the strikes and the complaints that resulted?

OZAL: Things were not that bad. Other reasons and motives lay behind the tension. Rebelliousness lay behind the strikes. Otherwise the public does demonstrate understanding when it is shown the way and of the truth. The Turkish nation well understands the issues. What we have done here could not have easily been done in other countries. I say this to foreigners. Our people have demonstrated tolerance.

YANKI: How do you evaluate the point at which we are today?

OZAL: We hold the strings of inflation in our hands. We control inflation. We no longer have runaway inflation. While bringing this about however, we have been unable to focus on anything else. Now we will concentrate on what we have neglected. We were also able to prevent basic scarcities. A big role in this was played by September 12. When strikes are eliminated production increases.

YANKI: What is the situation of exports? It was not very favorable two months ago. It was being said that the devaluations had not served any purpose. In addition, you had taken several measures.

OZAL: We continue to take measures. It does however take some time for the measures to become operative. It takes a few months. We will nevertheless approach the 2 billion 800 million figure that we had promised to the OECD. Exports increased by 20 percent in September and 32 percent in October. I believe that there will be about a 30 percent increase in November.

YANKI: What is the foreign exchange situation?

OZAL: For the moment we are not experiencing a shortage. We will not have a shortage until March or April. There are still some credits that we can use, credits that are on the way. There are credits from the OECD that we have not yet used. Perhaps we will have another round of discussions with foreign commercial banks. The problem continues to maintain its seriousness. We are in the midst of difficulties that will last for at least 4 or 5 years. There are also certain unknowns and foremost among these is the price of petroleum. We must continue to tighten our belts and to implement the measures. There is no other solution.

YANKI: To help citizens with fixed and small incomes you shifted a considerable portion of the tax burden off of their backs by way of new tax laws and increases elsewhere. Will this not have an inflationary effect?

OZAL: We were obliged to do this. We had to contribute to the resistance of these classes. Indeed a significant shift in revenue sources has taken place. The shift amounts to 130-140 billion liras. I have also stated this as the Council. Turkey had come to an intolerable point. We had to accept a small dose of inflation. The tax system that we now bring will protect the interests of those who have small and fixed incomes against inflation. We have reduced their tax burdens from 55 percent to 35 percent. This figure will not increase and will in fact decrease even further.

YANKI: How much inflation could 140 billion liras generate?

OZAL: That would depend on where you got the money from. When we take it from agriculture, small merchants and craftsmen; we reduce consumption to some extent. I am hoping that by curbing the increase in the sector filled by wage earners and government employees we can achieve some kind of balance. Inflation will be affected but we must resign ourselves to that. There is no other solution.

YANKI: In what condition are the State Economic Enterprises? They are constantly raising prices without even feeling the need to explain. Look at the PTT (Post, Telegraph and Telephone Administration) price increases. Do they have the right to such unmerciful increases that amount to almost 1000 percent? Can such actions by public service organizations that exist as monopolies be considered within reason?

OZAL: In State Economic Enterprises that are monopolies prices can not be left unchecked in that fashion. You should discuss the Post, Telegraph and Telephone Administration price hikes with the Minister of Transportation. I am referring to State Economic Enterprises that are not monopolies. If the prices of their products are not decontrolled, these enterprises can definitely not be helped. In any case they could not indiscriminately raise their prices in view of the competition that they face. They would not be able to sell their goods. Gradually prices are being decontrolled. Obviously, this in itself is not enough and they must take other measures. Artificially low prices were creating a black market and now that too has been prevented. There are other measures needed for improvement and they too should be implemented.

YANKI: You are accused of carrying out Friedman's policies...

OZAL: We have no connection to Friedman. Among our measures these are some that would be supported by his views as well as some that would not. Each system is valid for the country in which it is being implemented. Not everything is allowed in our country. We suffer from a shortage of foreign currency. We have the Law for the Protection of Turkish Currency. Friedman for instance, opposes the minimum wage. We are trying to bring the economy into a position from which it could operate with as few obstacles as possible. England is being discussed and yet our situations are so different. In England the Pound is increasing in value inspite of inflation. We are obtaining results from a system that we are applying in accordance with our own needs. This is being said by not only myself but also by those abroad who are familiar with the topic.

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